

Home Ownership, Income and Types of Dwellings

HOME OWNING AND RENTING
INVESTMENT FACTORS, DWELLING TYPES
SOCIAL AND ECONOMIC CONSIDERATIONS
INCOME LEVELS AND HOME PURCHASE

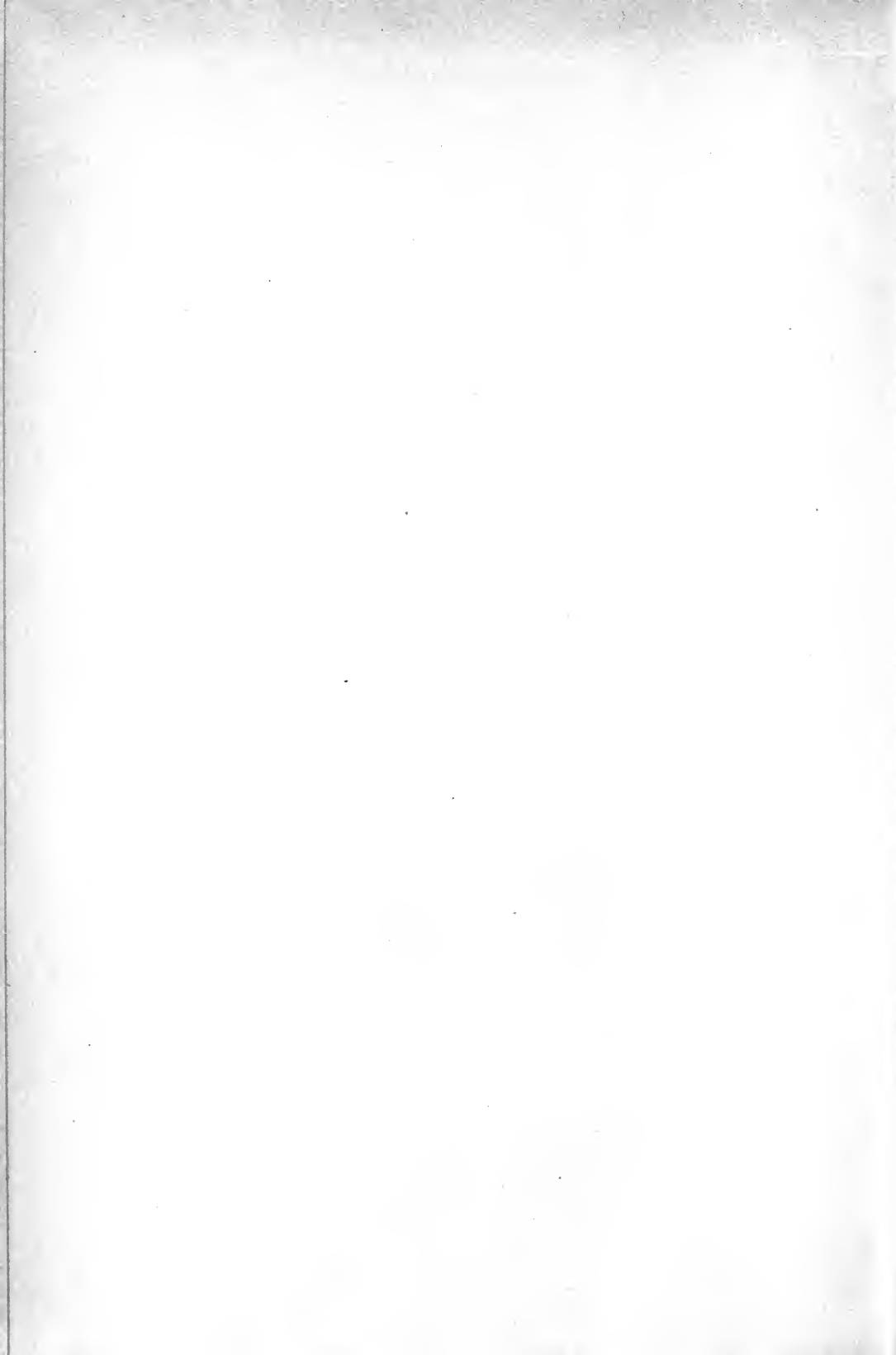


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THE PRESIDENT'S CONFERENCE ON
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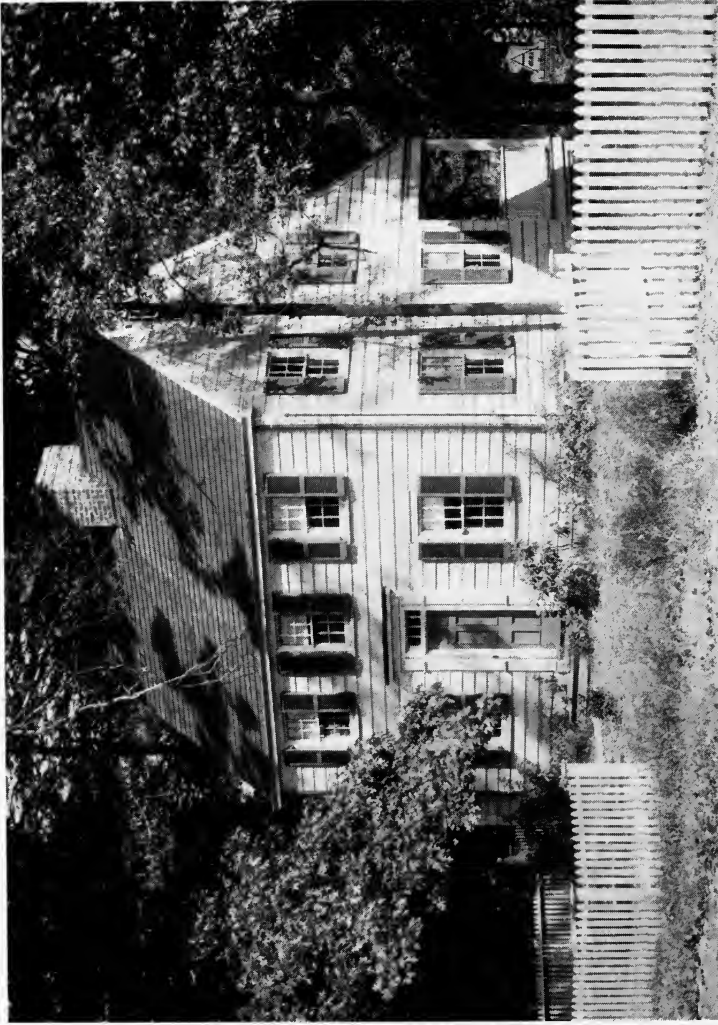
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AND HOME OWNERSHIP
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JOHN M. GRIES AND JAMES FORD, *General Editors*

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- I. Planning for Residential Districts
- II. Home Finance and Taxation
- III. Slums, Large-Scale Housing and Decentralization
- IV. Home Ownership, Income and Types of Dwellings
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- IX. Household Management and Kitchens
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- XI. Housing Objectives and Programs



Copyright—The Architects' Small House Service Bureau, Inc.—Home Plan No. 6-F-8

The detached one-family house on an adequate lot in pleasant surroundings expresses the housing ideals and aspirations of most American families, particularly those with small children.

Home Ownership, Income and Types of Dwellings

Reports of the Committees on

HOME OWNERSHIP AND LEASING

ERNEST T. TRIGG, *Chairman*

RELATIONSHIP OF INCOME AND THE HOME

NILES CARPENTER, *Chairman*

TYPES OF DWELLINGS

JOHN IHLDER, *Chairman*

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THE PRESIDENT'S CONFERENCE ON HOME
BUILDING AND HOME OWNERSHIP
WASHINGTON, D. C.

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FOREWORD

It is doubtful whether democracy is possible where tenants overwhelmingly outnumber home owners. For democracy is not a privilege; it is a responsibility, and human nature rarely volunteers to shoulder responsibility, but has to be driven by the whip of necessity. The need to protect and guard the home is the whip that has proved, beyond all others, efficacious in driving men to discharge the duties of self-government. And from the landed barons of King John, down through the squirearchy and yeomanry of England to the makers of the American Revolution, the men who have preserved the civil liberties of the English-speaking peoples have been the men with a stake in the soil.

We have concerned ourselves too little with the effect of home ownership on citizenship. In the planning and production of our housing we have given no thought to its influence in aiding or obstructing self-government. No one denies that for reasons other than financial ones, home ownership is impossible or unwise for many members of the population—for example, the unmarried and those whose occupations require frequent shifts of location. But for the sake of our political institutions and what they mean to our liberties, we should not forget that the obstacles to a much greater percentage of home ownership than we can now boast are artificial and capable of removal.

To be specific, the Committee on Types of Dwellings in this volume examines the heavy trend which developed in our cities in the 1920's toward multi-family dwellings. How much of that trend resulted from a carefully planned response to studied needs and demands and how much from an unconsidered adjustment to the line of least resistance by speculative builders, concerned primarily to get the greatest profit in the shortest time? Thousands of families live in apartments because they have no choice. Where investigations have been made—in Detroit and in Chicago—the majority of apartment dwellers have said they would prefer one-family homes if they could get them well equipped and at the same price.

In the provision of types of dwellings, as in every other aspect of our housing, rule-of-thumb methods have prevailed and imme-

diate profit has been the goal. Far-sighted planning and recognition of individual and social welfare have had little part. For one thing, we have given almost no thought to supplying single-family homes of good standard to the low-income groups. Without doubt the major obstacle to an extensive increase in home ownership in this country is financial. The traditional single-family house handed down from our ancestors costs too much for the wage earner. Instead of taking thought to reduce that cost, as we have reduced the cost of the automobile, for instance, we have accepted the substitute multi-family dwelling, the tenement. That is not only social short-sightedness; it is economic short-sightedness. The market for good housing within the range of the poor man's pocketbook is the richest untapped market in the world. It would be a gratuitous reflection on modern science and engineering technique to suggest that the production of such housing is impossible. Until the last few years it has never been tried. Let the same initiative that produced the skyscraper be turned to the production of low-cost dwellings and the results will surprise a world bred in a tradition of housing that has not changed fundamentally in five thousand years. Awareness, housing-consciousness to replace the widespread apathy to housing—that is the first requisite.

Meanwhile, the possibilities for providing suitable housing for low-income groups contained in reconditioning and remodeling existing dwellings need to be explored. Those possibilities have been largely neglected. A growing body of experience reported by many cities and Better Homes in America committees gives evidence that reconditioning offers the most powerful tool immediately available for raising housing standards.

In discussions of the relationship between income and housing, one vital point is often overlooked. Thrift is a virtue that can work miracles. The wealth of our resources has tended to crowd this virtue out of the national character, and to lead us to expect rewards without sacrifices. We depend too much on a future reduction in the cost of housing and not enough on the self-discipline which would enable us to buy a home with our present means. The immigrant from France or Germany, for instance, finds it easier than the native born American, with the same or a larger salary, to buy a home. Perhaps the fault lies in our perspective. In the turmoil of modern life, we may have forgotten

that the home is the most important physical factor in human environment and the major objective of human activity. When this basic truth rises once again to the surface of the national consciousness, home ownership will increase, whatever the changes or the lack of changes in its cost. The labors of the men and women whose results are contained in this volume will hasten the coming of that time.

ROBERT P. LAMONT.

August 8, 1932.



INTRODUCTION

In designating this Conference as one on Home Building and Home Ownership, the President was profoundly aware of the importance of the ownership of homes in safeguarding the traditions and developing the ideals of our Nation. Responsible citizenship is largely dependent upon individuals having a stake in the community, which is the major source of civic pride and judicious participation in the affairs of local government. Through the relation of his home to its neighborhood and to the city government, the home owner acquires a keener civic interest and a greater sense of civic responsibility. In addition, home ownership means high standards and better control of the environment by the occupant. It helps also in the development of thrift and self respect, facilitates wholesome living, and promotes character development in that it gives the family a fresh incentive for sacrifice and a new and high ideal.

Home ownership is not immediately feasible for all families. Many wage earners and others must look upon their employment as temporary and must be free to move. In large cities, because of transit difficulties, many families are forced, for the time being at least, to live in apartment houses. The real estate market may not be favorable to building or purchase of the type of house required. But all families in which there are young children should seriously try to find a place in the family budget for savings which may at the proper time be invested in the purchase of a home.

The purpose of the Conference has at times been misquoted. It has been charged that its aim was to induce every American family to own its home. This is a misconception. It was stated definitely in many places that the purpose of this phase of the Conference was to make home ownership possible for families that desire to own their own homes and to protect them in such ownership from needlessly heavy burdens of financing, taxation and legal difficulties. Home ownership should be rendered possible for every thrifty family. Each of the committees of the Conference has addressed itself to some phase of this problem. The Committee on Home Ownership limited its studies largely to an

examination of the advantages of home ownership, the conditions under which it is desirable, the relative merits, economic and social, of ownership and renting, and considered the interests of lending agencies and the public as well as those of the prospective home owner.

The Committee on the Relationship of Income and the Home was one of the last to be appointed and had little time at its disposal for original research. It found a mass of undigested and imperfectly correlated documents on one phase or another of its subject but no previous comprehensive study was available. The time and funds available to the committee were so limited that it was unable to make an extensive original study of income and its distribution in America. Neither could it cover the range and percentage of income devoted to rent and to home acquisition, to heat, light and service for the home, and to the purchase and upkeep of furnishings and equipment, by population and occupational and racial groups. Nor could it survey the better types of housing now available here and there throughout America for unskilled and semi-skilled workers in order to ascertain the methods of making these more widely available. Well-endowed research covering a considerable number of years would be necessary to cover this subject. The report, particularly the chapter on the Buffalo home ownership study which, at the request of the Committee, has been revamped by James S. Taylor, Chief of the Division of Building and Housing of the U. S. Department of Commerce, is a useful and valuable study of available contemporary income data in its relation to housing and calls attention to the imperative need of further study.

The Committee on Types of Dwellings was asked to look into the relative merits and costs of houses of many types now current, whether detached or in rows and whether for individual families or for two or more families. It also considered the geographical distribution of these various types, the local reasons for their adoption and the relative consumer demand for each. Trends in residential construction were likewise studied. The report does much to clarify terminology in designating the types of houses and establishes a standard classification which is urged for universal adoption. The report will thus be an essential reference book for real estate men and builders and for specialists in housing, whether employed by public or private agencies.

This volume as a whole is a unique contribution to the literature of housing. The members of each of the committees reporting here were drawn from a wide variety of professions and background. Their findings will be of particular value not only to specialists in housing and social welfare but also to real estate men, subdividers, architects, builders and contractors, home economists, householders and to public servants who deal with any phase of the problem of housing.

JOHN M. GRIES,
JAMES FORD.

October 26, 1932.

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PART I

CHAPTER I

HOME OWNERSHIP AND LEASING

The Problem

Individuals and families are confronted with many important problems in purchasing or leasing homes. How can home ownership be made easier for those for whom it is desirable and practical? How can conditions be improved so that the renter will enjoy more satisfaction as a home owner? These are the central questions which should be carefully examined in a study of home ownership and leasing.

The following pages are devoted to a consideration of the conditions under which home ownership is preferable to renting, and to a study of methods of stimulating home ownership and preventing difficulties in the acquisition, holding, management, and leasing of homes.

The committee feels that it should be possible for a home to be owned by everyone for whom home ownership is desirable. As President Hoover has so ably stated in the foreword of "How to Own Your Home":¹

"Maintaining a high percentage of individual home owners is one of the searching tests that now challenge the people of the United States. The present large proportion of families that own their homes is both the foundation of a sound economic and social system and a guarantee that our society will continue to develop rationally as changing conditions demand.

"A family that owns its home takes pride in it, maintains it better, gets more pleasure out of it, and has a more wholesome, healthful, and happy atmosphere in which to bring up children. The home owner has a constructive aim in life. He works harder outside his home; he spends his leisure more profitably; and he and his family live a finer life and enjoy more of the comforts and cultivating influences of our modern civilization. A husband and wife who own their home are more apt to save. They have an interest in the advancement of a social system that permits the individual to store up the fruits of his labor. As direct taxpayers they take a more active part in local government. Above all, the love of home is one of the finest instincts and the greatest of inspirations of our people."

¹ Gries, John M., and Taylor, James S., Washington (U. S. Bureau of Standards), U. S. Government Printing Office, 1925.

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The committee believes that the social consequences which would accompany an increase in the proportion of home owners, for whom home ownership is sound, would be distinctly desirable and that this increase can be accomplished by removing or reducing the difficulties which limit the spread of home ownership.

The importance of considering the problems of the renter in making a home in the United States is indicated by the fact that over half of the families live in rented houses. Although the problems of renters of housing accommodations may sometimes be inadequately considered by social and economic workers, they have been given much consideration by those who are furnishing quarters for rent with the result that to many people more desirable facilities can be rented than can be purchased on a comparable basis.

Trends in Home Ownership and Leasing

According to the census of 1920, 45.6 per cent of the families in the United States owned their homes. For the country as a whole, this figure represented a decrease of one-half of one per cent as compared with 1900, but in all cities of 100,000 or more inhabitants the proportion owned showed an increase as compared with 1910 and 1900.

According to the census of 1930, the proportion of farm homes owned in that year was substantially less than in 1920. In referring to this situation, however, it should be appreciated that the considerations involved in owning a farm as a production unit are not independent of the questions of home ownership.

Population census data for 1930 available for Delaware show that the proportion of homes owned in the state as a whole has steadily increased for the past thirty years. In Wilmington, the largest city in Delaware, the proportion owned has also increased steadily during the same period, from 27.1 per cent in 1900 to 45.2 per cent in 1930. Data for other states were not available when the report was prepared.

The trend toward apartment house building in the larger cities and in some of the suburban areas should not be misconstrued as indicating that the desirability of the ownership of homes built for single-family occupancy has decreased. The great majority of American men and women still regard the ownership of a home as an essential contribution to their welfare and as an important aid in the proper rearing of their families.

The easy access afforded by improved transportation facilities from suburban communities to industrial areas, the use of automobiles by the great army of American workers, the lowering of the cost of household equipment, and the numerous conveniences that are now purchasable in the form of household appliances are all conducive toward the acquiring of a home, which a family can maintain, improve, and beautify, as it sees fit.

The number of homes within the price range of \$4,000 to \$9,000 has run not only to hundreds but to thousands, where each community has been built up as a unit. In the best of these developments there is evidence of a skill in the selection of prospects by the developers that has led rather rapidly to the fostering of an active neighborhood spirit. This spirit has grown up among those who previously may have been living in congested city quarters, in ignorance, perhaps, of their nearest neighbors, and accustomed to none of the restraints against careless living and none of the inspirations toward good living that develop through neighborhood acquaintance and high community ideals.

Observation of these communities indicates rather clearly that it is unnecessary to argue for the detached single-family house or for the suburban community suitable for homes for those who have moderate incomes. A family usually has a natural desire to own such a home and live in such surroundings. There are appropriate methods of development and financing which have been tested and applied. Public efforts need be directed mainly to facilitating this natural movement toward home ownership by giving adequate publicity to tested development and financing plans, by encouraging prospective home owners to secure the necessary information from the proper sources before buying, and by encouraging cooperative activities that are destined to develop the community and protect the home owner's investment.

Owning Compared with Renting

Whether home ownership or leasing is advisable depends upon the particular requirements of the householder. If the householder is a permanent resident of the city and is in a position to make satisfactory financial arrangements, he is ordinarily in a position to enjoy the advantages of home owning. If, however, the householder must have freedom of movement, or if it would

be unsafe for him to undertake the obligation of purchasing, his wants would ordinarily be best satisfied by renting.

One of the most influential considerations in home buying is pride of ownership. The home owner takes pride in owning and improving a house and a piece of ground. He enjoys the respect of his fellow citizens due to this provision for the welfare of his family and his independence as a home owner.

The relations between the cost of owning and the cost of renting vary widely in different periods of the business cycle. When the householder is comparing these costs, it is very important that he consider them from a long-range point of view and that he be not misled by temporary advantages of one or the other.

Stabilization of Values and Income

One of the greatest things that can be done to make home ownership more desirable is to effect a greater stability of home values and of home owners' incomes. The tendency of the crowd to buy in periods of inflation results in much dissatisfaction with home ownership when business later declines. The effecting of greater control of business fluctuations, especially in holding back building and other business activities during periods of inflation, will do much to safeguard home ownership, and not only by helping to stabilize the value of the homes themselves but in making it easier for those who are paying for homes to continue making payments. Under present conditions, not only does the value of the home decline in periods of depression, but the incomes of many of those who are purchasing homes decrease to the extent that when it is most necessary to keep up the payments it is not possible to make them. From the viewpoint of society as a whole, the advantage that the home owner has who buys in a period of depression at an extremely low price does not offset the disadvantage of the owner who buys in a period of prosperity at an inflated price.

Need of Information

Although there may be some measures that can be taken to control the activity that results in the extreme inflation and deflation of home values, the greatest influence in this connection is information. If the home buyer, the home buyer's advisors, the financial institutions, and others who are directly interested in home buying had adequate information at hand, it would do much

to prevent the false hopes which cause values to soar and overbuilding to occur in periods of prosperity. Information of this type includes current data on population growth and upon the supply of vacant dwelling space. These data must be interpreted in conjunction with information which will reveal the position in the local business cycle, the long-time trend of the community growth, and any other factors which would modify their interpretation. Information on purchasing power, price levels, cost of living, the outlook in the market for the commodities produced in the locality are all important.

The committee cannot be too emphatic in urging the home buyer to consult with responsible officials in savings banks, in building and loan associations, and in the trust departments of commercial banks, and with other reliable local leaders who are known to give sound advice on problems of what, when, where, and how to buy. In order that the uninformed home purchaser may protect himself against any unscrupulous dealings, he may well adopt the following general rules: Never, under any circumstances, sign any contract for the purchase of real estate without having such contract approved in absolutely final form by a responsible bank officer or competent attorney, and preferably by both. Make no payments until the contract is signed. Ask to have all promises, guarantees, etc., put into writing, and break off negotiations at once if there is any hesitation in complying with this request. For instance, sometimes salesmen make guarantees of resale value; if such a promise is a condition influencing the buyer, he should insist that it be written into the purchase contract. Be particularly cautious if you have had no previous real estate transactions, or if an initial payment of only 10 per cent or less is required.

Home Ownership as an Incentive to Save

If home ownership is otherwise desirable for a family, the strong incentive to save that accompanies the purchase of a home serves as an additional sound argument. People who will not save otherwise will economize in various ways in order to pay for a home. Even if the buyer experiences some decline in the value of his property, in many cases he accumulates what he would not otherwise have secured. Consequently, home buying represents for many people a much better investment than they would have made if they had continued to rent. Many persons who now enjoy

the ownership of their homes are very thankful that they obligated themselves to pay for a home at an early period in their lives even in cases when such saving was neither easy nor convenient.

The security of tenure which the young home owner enjoys is, of course, very important. But probably nothing contributes in a greater degree to the enjoyment of the home owner, when the time comes for retirement, than the security that is felt in home ownership.

Protecting the Home Owner's Investment

There are many ways in which the home owner can protect his investment against the various influences which tend to cause the entire neighborhood as well as the individual house and lot to depreciate in value, provided, of course, that the investment is wisely made in the first place. Among the more important methods of protecting the home owner's investment are city planning and zoning, deed restrictions regulating the occupancy of the land, building and plumbing codes, and insurance. The home owner must also have adequate contracts and other legal documents, and he must have made an adequate inspection of his house, lot and equipment. The proper kind of community development activities help the home owner to take advantage of the different means of protection that are available, as well as to call the attention of the community to the importance of maintaining, modernizing, and otherwise developing the neighborhood. Such community development activities also do much to retard and prevent the depreciation of neighborhood property.

In looking forward to the development of greater protection for the home owner, the possibilities of regulating subdivisions ought to be carefully considered. It should be recognized that a profound change in what home ownership means has taken place in the minds of the American public. It is already appreciated that unlimited freedom in the use of a lot does not give the owner so great enjoyment of his rights as he gains when he surrenders certain privileges in return for protection through similar surrenders by his neighbors. The experimental and other developments where the home owner's rights are restricted to an unusual degree deserve careful analysis.

Supplementary Reports

Further details supporting the committee's statements are contained in a number of supplementary reports which appear hereafter as appendices to this report. The titles of these appendices are, *Home Ownership and the Business Cycle*, Appendix I, page 12; *Safeguarding the Home Owner's Investment*, Appendix II, page 19; and *Problems in Renting*, Appendix III, page 31.

Recommendations

1. Economic Information. The committee recommends that the Department of Commerce, the Department of Agriculture, and other Federal departments continually support all practical movements to furnish better information on the vacancy situation, current population changes, and other types of data of value in arriving at a better understanding of the degree of inflation or deflation of real estate values. The furnishing of accurate and pertinent information on cyclical conditions is believed to be one of the greatest services that can be performed in the efforts to bring about a greater stability of home values and home owners' incomes.

2. Developing Popular Interest in Better Information before Purchasing. The committee recommends that the Department of Commerce increase its efforts to develop a popular understanding of the need for securing more and better information before purchasing a home. It is suggested that greater efforts be made to call the attention of the public to the Department of Commerce bulletins, *How to Own Your Home*,² *Present Home Financing Methods*,³ *How to Judge a House*,⁴ and *Care and Repair of the House*.⁵ As a companion to these pamphlets the committee is submitting a paper on *Safeguarding the Home Owner's Investment*, Appendix II, page 19.

The committee further recommends that, on the basis of all of the material presented to the Conference, a master pamphlet

² Previously cited.

³ Gries, John M., and Curran, Thomas M., Washington (U. S. Bureau of Standards), U. S. Government Printing Office, 1928.

⁴ Perkins, Nelson S., Washington (National Committee on Wood Utilization, U. S. Department of Commerce), U. S. Government Printing Office, 1931.

⁵ Phelan, Vincent B., Garden City, N. Y., Doubleday, Doran and Company, Inc.; Washington (U. S. Bureau of Standards), U. S. Government Printing Office, 1931.

which will list the entire range of factors that should be considered, and refer specifically to the available Conference and Government bulletins that would help present and prospective home owners to solve the various problems of home ownership, be prepared for popular circulation.

3. Handbook on Analyzing Local Economic Situations. The committee recommends that the Department of Commerce prepare a detailed handbook showing what and how information can be used in determining where and when to buy a home. This bulletin should include detailed examples of information that can be gathered and tell how it can be analyzed in arriving at a better understanding of the economic situation than is possible if such analyses are not made. The special purpose of this handbook would be to serve trained community leaders and advisors, as well as prospective home owners, who wish to study such matters in detail.

4. Trends in Home Ownership and Leasing. The committee recommends that as soon as the 1930 census data are available, studies be made of the trends in home ownership and leasing with reference to such classifications as locality, size of cities, races of people, size of families, ages, kind of work done by householders, urban and rural, and the like, to determine as far as possible the tendencies involved and their relation to other information. Much of this information will be available from the census directly, and other tendencies can be determined indirectly. A study of this kind should furnish a basis for determining where the greatest emphasis should be placed in later investigations.

5. City Planning and Zoning. The committee recommends that the various organizations interested in community development, continue to study with zeal the development in city planning and zoning, instances where it is desired to retain unified land ownership in a large tract, and the developments in various countries where the amount of land subdivided for residential use is being regulated. The committee especially urges the Division of Building and Housing of the Department of Commerce and other organizations to watch carefully the development of efforts to control the subdivision of land in the various parts of the world.

6. Home Financing. The committee recommends that efforts be encouraged and continued for the purpose of reducing the cost of financing to those for whom home ownership is sound and

desirable. Uncertain and irregular supply of credit is a grave obstacle to successful home ownership. Such uncertainty under the present organization is now manifested in the following ways:

1. It is, as a rule, harder for a home buyer to obtain a loan for a given percentage of the purchase price when he wishes to buy at the bottom of the market, rather than at the top (when credit often comes altogether too easily).

2. A considerable proportion of home loans are now made for short terms, for 5 years, for 3 years or even for 1 year, and in such cases, even if some amortization payments have been made, a drop in realty values leaves the owner with the risk of being called on to reduce substantially the principal amount of the loan as a condition of renewal—and often at a time when he needs the credit most.

The Committee on Home Ownership and Leasing believes that the difficulties such as arise during periods of extensive foreclosures might be reduced substantially through a system whereby local lending institutions could, through a well-recognized procedure, obtain a more liquid supply of credit with which to meet reasonable demands of their home owning and home buying clients.⁶

7. **Insurance.** The committee finds that in the evolution of the various forms of insurance and their regulation under the laws of the various states, the fundamental objective of providing the home owner with protection in case of extraordinary loss has been overlooked in important respects. For example, fire insurance may cover the principal hazard to the whole structure, but there are other risks, including tornadoes, destruction by airplane, and by runaway vehicles. The committee recommends that a study be made under the auspices of an impartial agency of national standing, with the cooperation of authorities on underwriting, covering:

1. Risks for which home owners may reasonably expect insurance protection;

2. The most practicable procedure by which such risks may be explained clearly to home owners;

⁶ A resolution was adopted by the Conference, endorsing the suggestion of President Hoover for the establishment of a system of home loan banks. The President's statement appears in "Home Finance and Taxation" and the resolution appears in "Housing Objectives and Programs," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vols. II and XI, respectively. This suggestion culminated in the enactment and approval on July 22, 1932, of the Federal Home Loan Bank Act, providing for the discounting by mortgagees of first mortgage paper. (Public Act No. 304, Seventy-second Congress.)

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3. Forms of coverage designed to give the individual protection of all types he desires, with the simplest possible procedure.

8. Taxation. The committee recommends that an appropriate organization provide facilities for furnishing information and guidance to the community leaders who wish to create public interest in improving the local tax situation throughout the country. The committee recognizes the importance of the efforts that are being made to reduce the amount of taxes assessed on homes. In many cases taxes are not in a sound relation to what the home owner can properly bear, owing to excessive expenditures for municipal improvements.

9. Leasing Problems. The committee recommends that the Department of Commerce continue to study and analyze the problem of renting for the purpose of furnishing information and cooperating with those who are attempting to improve the conditions of both the landlord and the tenant. This study would involve such practical questions as tenants' reports on janitor service and superintendent's inspection in the case of an apartment, or periodic inspection of heating systems, plumbing, roofs, etc., in the case of a house; improving rental contracts; developing an appreciation on the part of the renter of longer term tenancy; staggering lease dates; long-term leases of land where the house is owned by the tenant; and including of options to buy in long-term leases.

The renter's point of view should not be overlooked in planning community development. The necessity for supervision of community development is felt everywhere. Some definite form of cooperation by the builder, the architect, and the man who is investing his capital might help to improve community conditions. It is suggested that a board in each community, to which plans for any construction should be submitted and approved before a building is erected, might prove advantageous. Such a board would study the plans in relation to architectural suitability, and any building codes or other municipal restrictions. At present, necessary garage space for tenants' cars and the relation of such space to zoning laws and architectural suitability, especially for multi-family dwellings, is an important problem. It is imperative to give attention to recreation facilities for children in any future

community plans. A study of rent in relation to assessments might be included in a rent survey.

10. Multiple Listing and Property Briefs. The committee recommends to the real estate boards that they consider an expansion of the practice of multiple listing. From the point of view of the prospective buyer or renter it is a great convenience to have the information on the greater number of houses which multiple listing provides.

The committee also urges the further consideration of the advantages of property briefs for residential properties. A property brief, containing photographs and full description of the dwelling, lot, etc., as well as a list of the disadvantages, enables the home seeker to calmly and leisurely study and compare the various properties. The important data will then not be forgotten or overlooked.

11. Permanent Central Committee. It is recommended that a permanent central committee be created for the purpose of coordinating, when desirable, the home ownership work that is being done by the various organizations, and assisting in distributing the information by radio, newspaper and magazine articles and advertisements. It is believed that funds can be provided for these purposes through the channels of life insurance companies, mortgage lending institutions, building material companies, and other commercial organizations which have a practical interest in the subject.

It is suggested that it would be well to designate as this permanent central committee a national organization already in operation, which has activities, mailing lists, contacts, etc., already developed. Such an organization, however, should be entirely independent of any individuals or groups which might use the organization to further their own private or commercial interests.

APPENDIX I

HOME OWNERSHIP AND THE BUSINESS CYCLE

One of the greatest opportunities to improve the conditions of home ownership arises from the fact that many people buy at high prices during boom periods; the locations do not develop as they expect, and they see their investments shrink materially when business conditions decline. Hence, those interested in promoting sound home ownership conditions may well promote the collection of figures and facts to assist in analyzing and stabilizing cyclical fluctuations, and help prospective home buyers to develop an appreciation of true conditions in order to meet them.

Supply and Demand

Simple statements of the relation of supply to demand, when available, are valuable in analyzing real estate situations. The home buyer often can apply such information directly to his particular problem. Reports on dwelling vacancies or occupancies are prepared in a number of cities, and the quality and extent of these investigations are being improved rapidly.

In studying the relation of supply to demand, consideration must be given to the probable future demand. Studies of population trends, and of the economic factors that support the community, permit estimates of future demand that are of much value in making allowances for future conditions. The use of such estimates in analyzing and forecasting real estate conditions can be illustrated by facts ascertained in a survey, made in 1924, of the Los Angeles subdivision situation.

Population forecasts were made indicating that Los Angeles City¹ would have a population of 1,250,000 in 1930, and 1,500,000 (minimum) or 2,000,000 (maximum) in 1940. From two independent bases, the relation of population to occupied lots² was determined. The estimates of future population divided by the number of persons per occupied lot (corrected) gave the estimated number of lots needed to 1930 as 54,855, and the minimum

¹ Excluding outlying districts.

² In this study, a lot was considered as occupied if it had a building on it and, in estimates of future demand on the basis of population, corrections had to be made for vacancies in buildings.

and maximum estimates of the number needed to 1940 as 107,367 and 212,390, respectively. The survey showed that in Los Angeles 197,208 lots already were occupied, while 156,557 were vacant. From these figures it was easy to estimate the relation of the existing supply of lots to the probable future demand. In other words, the figures indicated that 6 years later (in 1930) 101,702 of the then vacant lots would still be vacant if no more lots were subdivided, since there was a probable demand for only 54,855 lots out of the total of 156,557 that were vacant. When the estimate was carried forward to 1940, the figures indicated that if no more lots were subdivided, 49,190 lots would still be vacant on the basis of the minimum population estimate, and there would be a shortage of 55,833 on the basis of the maximum. Although such figures indicated an unfavorable investment situation on the whole, it was obvious that still greater allowances would have to be made, because many more new subdivisions doubtless would be laid out. This point is important, because new subdivisions in many localities are laid out and sold through well-organized, aggressive sales efforts, while the individually owned lots are not usually pushed so aggressively, and are more apt to remain vacant.

It is difficult to say just what proportion of lots should remain vacant for the best interests of a community. One hundred per cent occupancy is very seldom possible. Furthermore, the proportion of vacancies would normally be larger in a rapidly growing community, where the chance of gain appears relatively great. However, it does seem unnecessary, from an economic point of view, that a community should carry an overhead burden in vacant lots of 44.25 per cent, as was the case in Los Angeles City (excluding outlying portions) in 1924. In the outlying districts, 62.12 per cent of the lots were vacant, and it was probable (on the basis of the minimum and maximum demand estimates) that between 40 and 20 per cent would be vacant 16 years later in 1940, even if no more lots were subdivided. Such a tremendous overhead burden, carried by a community in the form of investments in unproductive property, has an unfavorable effect upon all lines of business.

Reasons for Expansion

In making a statistical analysis of real estate, it should be realized that the subdivision of lots is economically justified only when more lots are needed as sites for additional homes, business,

industries, or public purposes. Provision of new lots must include the margin of vacant lots necessary for the laying out of large tracts. An excessive proportion of vacant lots is an economic drain on a community and has no advantages.

Although great profits have been made in certain instances, the subdivision of city lots ordinarily involves large risks and danger of unusual loss. Great risks are usually taken by people who hope for great gains, but who often are not able to distinguish between sound and unsound values, and who believe that they are making safe investments. These errors in judgment are usually caused by inaccurate and inadequate information regarding the normal possibilities of future demand.

"There is always an element of uncertainty in such expansion due to the fallibility of human judgment and the lack of information in regard to the community's development. But this element of uncertainty can be and is being reduced by more careful analysis of the growth and movement of population, and of the trend of values which reveals the condition of the market for home, factory, or business sites. In so far as real estate dealers and owners seek and take advantage of more complete information of this character, their forecasts of the needs of the community will become more accurate, and urban developments based on these forecasts will become investments rather than bad speculation."³

Even though a large number of old sites in a city may be vacant, a real demand may arise for new lots, which embody the most up-to-date practices of a modern subdivision, as to size and arrangement, community features, and so forth. The progress in providing advantages in new subdivisions tends to make obsolete many of the older subdivisions. It may be to the interest of all that these older lots pass permanently out of the active market, and it is quite possible that they may revert to farm land.

Residential lot speculation is of great concern to the home owner because it not only influences the value of his home site, but it also strongly influences speculative building, with the result that the value of the home owner's investment becomes less stable.

Trends, Seasonal Variations, Cycles, and Random Movements

The importance of distinguishing between long-time trends, seasonal variations, cycles, and random movements cannot be too strongly emphasized. In most analyses, it is not necessary actually

³ Ely, Richard T., and Morehouse, Edward W., *Elements of Land Economics*, New York, The Macmillan Company, 1924, p. 94.

to compute these changes but it is necessary in nearly all cases to appreciate the movements, at least in a general way. If the data are presented graphically, these different types of variations generally can be observed to a degree that is accurate enough for practical purposes.

Since erroneous assumptions regarding the trends and cycles have been responsible for so many mistakes in analyzing real estate conditions, these movements will now be considered in some detail.

In this discussion, the terms "basic trend" and "long-time trend" refer to the general tendency toward growth or decline over a period of 10, 20, or more years; "seasonal variation" refers to the annual fluctuations which tend to recur at the same time every year; "cycles" refer to the irregular movements, which recur every few years, commonly known as good and bad times; and "random movements" refer to the unusual occurrences, such as are not recurring in nature.

Long-Time Trends. There are many conspicuous examples of steep upward trends in real estate values. It is extremely important, in analyzing real estate values, that one discover any change in the basic trend as soon as it occurs, if possible, and that one should not confuse the upward swing of the business cycle with the long-time trend. It is generally known that increases in the values of lots in the large American cities have been large and rapid during the last decade, but it is not so generally known that some of the values are less now than they were 20 years ago.

The opportunities to gain through long-time increases in city land values are undoubtedly good in many locations, but the investor should take care that he does not pay an inflated price for a lot in a location which has reached its peak and not only is experiencing a cyclical decline, but has also had an unfavorable change in the long-time trend.

If the basic trend of a certain residential property is upward, it is ordinarily because the site has become more desirable. The basic trend of the building itself is ordinarily downward, regardless of the attention to maintenance and repairs. It should be emphasized, in this connection, that the owner of a home often considers cyclical and random increases in the value to be basic trend increases.

The increases in the prices of lots during the period from 1913 to 1920 were emphasized by the rising general price level. Changes in the general price level must be carefully observed in analyzing trends of real estate prices as well as trends of other prices.

The foregoing discussion is not intended to convey the impression that investment in a home cannot be profitable; it does indicate that long-time trends should be carefully analyzed before an investment is made; and that the upswing of a business cycle must not be confused with the long-time trend. Many very profitable investments have been made in residential property and, if the locations are carefully and skilfully analyzed, there is no reason to believe that others cannot be made. However, an investment in a home should not primarily be required to yield a profit. The investment, of course, should meet all reasonable requirements of safety.

Real Estate Cycles. Almost every period of prosperity in this country is accompanied by a high degree of real estate activity. This often takes the form of a boom in certain localities. In fact, some of our greatest booms have been those that were based on real estate speculation. The "crowd," including some of the most highly successful citizens of the area concerned, is carried away by the enthusiasm which accompanies the vast increases of wealth which are thrust upon the lucky ones. Those who actually understand the economics of the situation are in the minority.

There have been many real estate booms in the United States during the past 100 years. From 1834 to 1837 the valuation of the property in Mobile, Alabama, increased from \$4,000,000 to \$27,000,000. After the panic of 1837 the values decreased more rapidly than they had risen. During this same period (a few years before 1837) people were coming into the State of Illinois so rapidly that it was believed that cities would spread all over the prairie and that no farming land would be left. City lots were laid out on what are today the most isolated farms. Lands were sold for more than their present value, and more than fifty times their value at that date. In 1919, farms were selling in Iowa at \$300 to \$400 per acre. These same farms are now being sold at \$100 to \$150 per acre.

One of the most spectacular real estate booms of recent years was the Florida boom of 1925. In Miami, where the boom centered, business lots were sold at prices which were greater than

the prices charged for the best lots in cities from ten to fifteen times as large as Miami. It was estimated that one subdivision of land alone, near Miami, would require approximately \$1,000,000,000 of annual income to support the residential land values, whereas the entire annual income of the United States at that time amounted to only approximately \$73,000,000,000. The Florida boom also reached a high stage in many of the smaller towns and villages. For instance, in Lake Wales, an interior town of 2,747 persons (1925 state census), a business lot about two blocks from the center of its business district was sold for \$800 per front foot, and another lot was sold for \$1,000 per front foot. In towns of this size, a business enterprise can seldom produce enough in a specific location to warrant paying more than a few thousand dollars for the entire lot. From the overoptimistic situation which accompanied the boom, Florida appears to have passed abruptly into a severe period of depression. The state has in its undeveloped land, mineral, climate, and beach resources, factors making for an upward tendency in long-time growth, and the depressed conditions may be as unrepresentative as were the conditions of the preceding boom.

Random Movements in Real Estate. In analyzing real estate cycles, it is necessary to make a careful distinction between major and minor cycles. The minor cycles may recur every few years, but the major cycles may occur only once or twice during a business generation and sometimes they do not occur this often, when for practical purposes they may be more properly classified as random movements. The type of boom which a community may experience on account of the building of a railroad, or the opening up of new lands in some instances, may never be repeated, and, consequently, it is important to recognize that such a boom is not cyclical. More extreme examples of random movements are the booms which accompany the development and exhaustion of natural resources, such as the oil booms in various fields in Oklahoma, Texas, and California, or the mining booms which cause such cities as Rhyolite, Nevada,⁴ to flourish and decline.

The determination of whether a boom is cyclical or random depends upon whether or not the natural resources and other factors are such that the condition can be repeated. Florida, for

⁴ Rhyolite, once a city of some 10,000 population, is now a city of empty buildings.

instance, still has the same climate, the same advantageous location, and the same other economic factors which constituted the principal bases for the development which resulted in the boom of 1925 and, therefore, it is practically certain that other cycles will follow, though it may be some time before there occurs another boom which will be as extreme as the last one. Rhyolite, on the other hand, no longer has the mineral resources, as far as is known, and has no other bases for development. Its boom was distinctly a random one and, consequently, cannot be expected to recur. In the development of most communities, however, cyclical and random movements occur together, and though it is not possible to isolate the two movements completely, they should be determined as accurately as possible.⁵

Securing Expert Advice on Economic Conditions

The average citizen, having no special training in making many of the analyses discussed, should seek competent advice when considering the purchase of a home. As heretofore suggested, the savings banks, title and mortgage companies, trust departments of banking institutions, building and loan associations, and builders or realtors of long standing, having no interest in the sale of the property, are the avenues which can be used by the home buyer to secure information on the basic conditions surrounding his purchase. It follows that it is the duty of those who wish to enjoy this confidence on the part of the home purchaser, to prepare themselves so that they can give sound advice on economic conditions.

Conclusion

The prospective home owner should, as a rule, avoid lots in unimproved subdivisions, i. e., those not having improved streets and sidewalks, water, electricity and other utilities, and lots in improved subdivisions when he does not have available funds and definite plans for building a home in the near future. The purchase of a house and lot in a developed subdivision should be made only after securing advice and information as outlined above.

⁵ Part of the illustrative material in the preceding discussion on Supply and Demand, Reasons for Expansion, Basic Trend, Seasonal Variation, Cycles, and Random Movements, has been abstracted from Rigglesman, John R., and Frisbee, Ira N., *Business Statistics*, New York, McGraw-Hill Book Company, 1931.

APPENDIX II

SAFEGUARDING THE HOME INVESTMENT

One of the first questions that the prospective home buyer should consider is whether or not home buying is a good investment. The home purchaser should not buy with the expectation of appreciation in value, but he may take certain steps which will safeguard his property against depreciation.

Home Ownership Is an Incentive to Save

One of the most powerful arguments in favor of home buying as an investment is the strong incentive to save that accompanies the purchase of a home. People will economize on various things in order to pay for a home when they will not save otherwise.

The importance of obligating oneself to save should be clearly appreciated. For an equity cannot be liquidated readily, and may furnish the influence necessary to make one build up his savings.

Buying at a Favorable Time

Success in acquiring a home depends not only upon selecting the right kind of a building and community in which to live, but is dependent as much upon choosing the time of buying and the manner of payment.

In the final analysis of supply and demand, in real estate as in all other lines of business, there are cycles of inflation and likewise of deflation. It is perhaps unnecessary to enter into an analytical discussion of the underlying economic laws, if the one central thought involved can be brought to the sober attention of the prospective home buyer, i. e., that periods of boom values should be avoided or considered with extreme caution, and that communities in which there is a scarcity of supply naturally tend to have higher levels of values than other areas. During a boom period the prospective home buyer should accumulate savings with which to purchase his home at a more expedient time. There are periods when an oversupply of residential construction is created because the anticipation of a community's ability to absorb all of the structures which are erected is too optimistic. Therefore, the inability to rent or sell brings down the level of prices. The ordinary home buyer "follows the crowd" and makes his purchase at a time when, by reason of the excitement of boom periods, the great masses of people are minded to buy.

It is, ordinarily, in periods of price recession that the most advantageous purchases can be made, and the person of courage and vision can acquire a home at a cost which will normally stand the shock of deflation with better stability than a purchase made during so-called boom periods. It becomes advisable, therefore, for the home seeker to analyze carefully the community in which he desires to locate, to ascertain the number of vacant buildings, to find out how long they have stood idle, and to consider, as keenly as possible, the ability of the community to absorb the space already existing. He should also determine by a careful inquiry the range of prices over a period of several years so as to demonstrate to himself that they have been sufficiently stabilized and that the broad basis of cost to him will be sound over a subsequent period of years.

In determining when to buy, the home seeker has to weigh the following four factors and strike a balance:

1. When to buy with relation to the economic and financial status of himself and family. When the market is ripe he, personally, may not be in a good position to take advantage of it.
2. When to buy with relation to the particular community and its stage of development. His favorite community may be just going into a stage of decline.
3. When to buy with relation to the season of the year. (This involves such factors as high seasonal demand for space and seasonal employment of the home purchaser.)
4. When to buy with relation to general economic and business conditions.

The home buyer's task of determining the situation in relation to the preceding four factors includes the consideration of the ratio of his annual income to what he can afford in the way of a house, and what he can afford to maintain; how much he has in reserve; how much he has to have in reserve when taking on the responsibility of home ownership; how much equity money he can afford to put into the house; and in general the financial and social relationship of home ownership responsibility to his other responsibilities. The fourth factor (favorable buying time) is undoubtedly the most difficult of all to determine and is liable to be the most costly in case it is not decided upon correctly.

Neighborhood

The surrounding neighborhood has a strong influence upon the value and desirability of a particular home. The general standards

of the neighborhood should be studied, and careful consideration given to present as well as future conditions. Regard should be paid to the extent to which the community has been developed and to the reasonable expectancy of future development. Other things being equal, a location in a progressive community, where buildings and grounds are well kept and neighbors are desirable, will suffer the least depreciation, as well as yield the most pleasure to the home owner.

Selecting the Location

In determining whether a certain location will satisfy a family's particular requirements and represent a secure investment, the prudent home buyer must, on the basis of his own experience, or that of an honest and skilled advisor, assure himself:

1. That the section in which he is locating is appropriate to his scale of living and prospects, and that it is reasonably safeguarded against deterioration.
2. That the nearness, location, equipment, and teaching standards of the schools are satisfactory, both for the present and future needs of the family.
3. That educational, shopping, transportation, amusement, religious and recreational facilities are adequate.
4. That police and fire protection are adequate.
5. That water supply, sewerage, and sanitary facilities have been provided, or if they are to be provided in the future, that the approximate cost be determined; and that assessments for street improvements, sewer, sidewalks, etc., have been paid before the transfer of the property, that they are included in the price of the property to be paid off with the monthly or other payments, or that other satisfactory arrangements for their payment have been made.
6. That the title of the property is clear.
7. That tax rates are reasonable and are not apt to increase excessively.
8. That the purchase can be financed on a reasonable basis.
9. That the price of the property is reasonable both in relation to location and time of purchase.

Style¹

In selecting a house, style must be given careful attention. This is important to insure the safety of an investment. Rigid rules for determining desirable styles cannot be laid down, but styles and designs which may turn out to be passing fads instead of permanent in nature should be avoided. This does not mean that all

¹ See "House Design, Construction and Equipment," *Publications of the President's Conference on Home Building and Home Ownership*, Vol. V, Pt. I, App. V.

new designs, layouts, and arrangements should be avoided, but they should be carefully considered as to whether or not they are likely to be desirable over a long period of time.

Necessity for Careful Examination of Ready-Built House

One of the pitfalls of home buying is the failure properly to determine the physical condition of the building purchased. The everyday citizen, not engaged in the building trades, ordinarily lacks the ability and knowledge necessary to know whether the structure has been properly and soundly built. Unless the buyer has special proficiency, it becomes vitally important to have the honest advice of a competent judge as to the condition of the property; otherwise after the ownership begins, numerous hidden defects may be discovered. Heating may be found to be inadequate, roofs and walls neither wind- nor water-tight, and many frailties may appear which increase the cost of repairing to a point beyond the original contemplation of the buyer, and frequently, beyond his ability to pay.

The calm buyer, who makes a thoughtful job of acquiring a home, will save himself a great many difficulties if he will have one or more competent persons or firms make a detailed survey of the structure. It may be difficult, in some small communities, to follow out any general plan or procedure, but in almost every community of any size, this advice can be obtained. Information as to who can be depended upon to make reliable inspections and valuations can often be obtained from responsible officials of savings banks, of the trust departments of national or state banks, and building and loan associations.

The cost of such examinations ordinarily would not exceed one per cent of the purchase price of the property (frequently it is much less), and should not deter the buyer from procuring good inspection.

Preliminary Cautions in House Building

If the owner builds a new house, the close and continuous inspection of a building in the course of construction is one of the safeguards upon which he must insist. In those cases in which the home buyer contracts to purchase a home that is in the course of construction, it is vitally essential that he have independent architectural advice as to the quality of the work to be done under

the plans and specifications and to insure the completion of the building pursuant to such plans. The erection of a structure is a complicated process, and the variety of qualities, both of work and material, are innumerable, requiring the investor cautiously to check the progress of the building work.²

Before actually starting the work of construction the prospective home builder should be assured of the following:

1. That the plans for the house are well worked out and will result in a structure that will be attractive to others in the event sale is advisable.
2. That, if future extensions to the house are contemplated, the initial plans have been drawn in proper anticipation of such extensions.
3. That the plans, as drawn, meet the requirements of building codes and local restrictions on the property.
4. That the specifications are complete for a house ready for occupancy or that any exceptions are clearly noted; and also that the specifications include an irrevocable blanket clause providing that no bills for extras shall be valid, without prior written understanding with the owner as to nature and amount.
5. That the specifications are such as to require minimum maintenance costs and costs of operation.
6. That the contractor has a reputation for doing sound and conscientious work and is considered financially responsible by local authorities.
7. That the contract clearly specifies the basis and amounts of payments, and the contractor's responsibility for fire and employees' liability insurance while the building is under construction, and for defective work or omissions discovered after acceptance of the property by the owner.
8. That the property is subject to final inspection by the owner before the final payment is made.
9. That the above agreements or legal obligations have been approved by competent legal advisors.

Many other suggestions of importance to prospective home owners will be found in the Department of Commerce bulletins *How to Own Your Home*, cited on page 1, and *How to Judge a House*, cited below.

Budgeting the Purchase

The home buyer should make a rational study of his own financial strength if his investment is to be secure. If he has a steadfast determination to obligate himself only for those amounts which he has a reasonable expectancy of being able to pay in a reasonable

² Regarding architectural and other features, consult Perkins, Nelson S., *How to Judge a House*, Washington (National Committee on Wood Utilization, U. S. Department of Commerce), U. S. Government Printing Office, 1931.

period on the basis of his present income, he will ordinarily make a success of home purchasing. Often the great reason for dissatisfaction in home owning is that home buyers violate the principle that no man should buy a home unless he can make an adequate down payment and unless he is given ample time in which to honor his mortgage obligations.

Mortgages and Their Renewals

In connection with the matter of financing the purchase, considerable difficulty arises and equities are frequently lost because of the failure to take into consideration what will happen to the mortgage obligations on the property at the time they mature. Frequently the terms of the first mortgage provide for amortization or reduction of the principal. If there is a second mortgage, it may be payable at the rate of so much per month, or in quarterly or semi-annual instalments, and the seller generally desires that the final payment on the second mortgage shall be at the earliest possible moment.

The average home buyer does not take into consideration that the first mortgage may mature before the second mortgage matures and that there may be some difficulty in renewing the first mortgage obligation, for the reason that the holder of the mortgage may not wish to renew it, or may wish to renew it for a smaller sum, because of possible changes in values. Care must be exercised, therefore, to be assured that a renewal will be possible under reasonable circumstances and that the cost of obtaining a renewal will be nominal.

The prospective home owner should obtain responsible legal advice to determine that the sequence of maturity dates of the mortgages on his property is such that he will experience no embarrassment or difficulty when it becomes necessary to renew any of the mortgages.

The second mortgage should be for a term sufficient to make payments required thereunder, within the ability of the buyer. Maturities within short periods generally involve a necessity for renewal, and total charges for renewal and interest are sometimes high and usurious. If, in addition to the above payments, the cost of public improvements must be paid over a period of years, the principal and interest required annually under these payments should be taken into consideration.

The buyer should recognize that the smaller the down payment, the higher will be the costs of financing, and when purchasing upon as small a margin as 10 per cent, he should be especially careful to secure competent legal and financial advice.

Difficulties in home buying sometimes result from the inability of the home owner to pay the interest on the mortgages, as well as the reduction in principal when required. In order to meet the annual and other interest payments readily, it is advisable that he carefully prepare a budget, and lay aside a certain amount every month, so that the required sums will be available when needed.³

Cost of Improvements

If the assessments for municipal improvements have not been paid, the home buyer should make every effort to induce the seller to pay for the cost of the improvements and include such cost in the price of the property. In buying subject to assessments the buyer assumes responsibility for an additional lien against the property. It is then virtually subject to three mortgages, because the lien for the assessments is superior to those of the first and second mortgages.

If the municipal improvements (curbing, grading, flagging, water connections, sewerage) have not been installed, the home buyer should make inquiry as to the approximate cost of these improvements, when they will be made, the length of time permitted for payment, the interest rate on the unpaid portion of the assessments pending, and the amount payable annually over the period allotted, which is generally about 10 years. These principles apply whether the improvements are installed by private or public instrumentality and also whether they are made by a city, county, or other unit of government. In making these inquiries, an authentic source should be used, generally some competent official having jurisdiction, and no reliance should be placed upon mere opinion.

Taxes, Insurance, Maintenance and Other Costs

The home buyer should be careful to measure his ability to pay not only the interest on, and principal of, mortgages and assessments, but also the taxes, insurance, water rates and the reason-

³ For other suggestions on financing the purchase of a home see Gries, John M., and Curran, Thomas M., *Present Home Financing Methods*, Washington (U. S. Department of Commerce), U. S. Government Printing Office, 1928.

able cost of keeping the physical condition of the property in a state of fair maintenance. To facilitate paying taxes and other important charges, it is advisable to prepare a budget plan which will provide for monthly payments to be accumulated in a tax or other fund.

Speculative Prospect of Appreciation

One of the common arguments advanced by those in the business of selling residential property has been the holding out of the hope that substantial profits would result by reason of the increase in the value of the property. The decision to buy a home should not in any way depend upon making profits out of buying a home for resale. In urging the family having competent purchasing ability to consider home ownership, it is not within the scope of this discussion to consider speculative purchasing, nor is it intended to indicate that any particular kind of location or type of purchase will eventually produce a profit on resale. The satisfactions of home ownership do not depend upon making money out of holding the property. And the purchaser should realize the depreciation of his house is a normal circumstance that accompanies its use over a period of time.

City Planning, Zoning, and Deed Restrictions

The buying of a home, like the making of any other worth while investment, involves the necessity not only of prudent conduct in the initial process of home buying but also involves a continuing effort to protect the investment. This not only has a bearing upon maintaining and enhancing the value of the purchase, but it increases the benefits of home owning by a careful regard for the interests of the community as a whole. Before purchasing, due inquiry should be made regarding the regulations enforced by the planning and zoning commissions of the municipality, the extent to which the area involved has undergone an orderly development by planning and zoning, and the extent to which the use of property is limited by deed and other restrictions.

Proper zoning is an important part of good city planning and ultimately results in safeguarding the home from the depreciation which the unrestricted erection of various types of undesirable structures would normally cause. It therefore becomes essential to know exactly to what uses the surrounding area can be put and

whether or not the zoning and planning are sound and the method of enforcement is practical.

The most successful home owner is the man who jealously watches any infringement upon the character of the neighborhood in which he has chosen a home and who will resist to the full limit of his ability any attack upon the standards of the community in which he has located his family. From a wide-visioned standpoint, he develops and fosters his own appreciation of his property by showing an active interest in any change in the planning and zoning programs and by protesting vigorously on his own account and assembling his neighbors to do likewise when any action is to be taken which will destroy the inherent value of his property as a desirable residence.

In many places no real progress on the subject of planning and zoning has been made and the only safeguard upon which the home buyer can rely is to assure himself that the area in which his prospective home is located has been properly restricted by private agreement. The subject of legal effect of such restrictions is too large to admit of treatment here. The buyer, however, should inquire before making the purchase as to whether by deed or other document his property and the adjoining parcels in the necessary radius are subject to appropriate restrictive agreements. For this purpose he should know mainly just what area is covered by the restrictive plan and what details are included in the restrictive agreements. These agreements should cover a sufficiently wide territory to insure against the depreciation of the property by the incoming of undesirable occupants or the building of inferior structures. The fabric of the agreements should be designed to prevent the erection of any type of building in the area which would constitute a nuisance or the erection or maintenance of which would tend to destroy or lower the standard of the neighborhood.

The period during which the restrictions are operative also should be considered carefully because, if the original restrictive plan was made so far in the past that the agreements have run out or will run out shortly, deflation in the value of the property may follow. To determine the probable effects of zoning and planning ordinances and regulations, of restrictions contained in deeds, or of agreements made by the owners in the area that may

not be contained in any deed, often requires competent legal or other expert advice.

Insurance

An important protection to the home owner's investment is proper insurance. The home owner must study carefully his requirement from the standpoint of the types of insurance to be carried and the amount of the coverage. The types ordinarily needed for protection are as follows:

1. Fire insurance in an amount which would represent the reproduction value of the building.
2. It is frequently advisable, in addition to fire insurance, to carry wind, storm, or earthquake insurance.
3. If there are employees, such as handy men, gardeners, or other house servants, workmen's compensation insurance should be considered.
4. To protect the owner against damage suits by reason of injuries to the public, liability insurance should be considered.

The policies should be examined to see whether they adequately cover the risks against which the owner wishes to be insured.

When the property is mortgaged, the general practice is that the insurance policies are held by the lending institution and the owner generally does not see the policies. He should, therefore, make arrangements with the lender to inspect the original policies or secure a memorandum of the contents, so that he may know what obligations are imposed upon him, and guard himself against a voiding of the protection.

The home owner might profitably consider the value of carrying life insurance for a term to cover any remaining mortgages in the event of death. Or he may wish to carry an endowment policy so that in any event, at the end of a stated period, the funds will be available when needed to pay off mortgages.

Importance of Adequate Legal Advice

The prospective owner is cautioned to consider the advisability of employing competent legal counsel. In selecting a lawyer, he may often obtain valuable assistance by conferring with responsible officials in his savings bank or in the lending institutions with which he may be arranging for home financing. The cost of this protection, which should be ascertained in advance of employing counsel, should not deter the prospective home owner. The most costly losses involved in building and buying a home are generally

incurred through neglecting to make the proper investigations before buying, to have it built according to a carefully thought out plan, and to safeguard it against legal difficulties. The discriminating home owner will attend to these details in a calm and constructive way; he will not be deterred by the reasonable overhead of having his interests properly, ably, and honestly watched in a disinterested manner.

Improvement of Home Premises

One of the principal and most immediate results of the ownership of a house and "yard" lies in the interest which the family takes in protecting and improving the property. This, in itself, is a contribution to the appearance of the neighborhood and maintenance of values in the community. In some people the desire to plant and tend gardens is so marked that it is exercised even on rented properties if there is a yard to cultivate; but the incentive to make a beautiful garden, to plant perennials and more permanent trees and shrubs is much greater where homes are owned.

Attention to Maintenance and Modernizing

If a home owner is to keep his investment intact, he should give careful attention to keeping his property up to date and in good condition through such desirable modernizing features as are feasible and possible. Very often slight alterations may be made in features which were thought to be desirable when the house was built. Attention given to such things, as well as to proper painting and repair of the various parts of the building, even to changing the layout of some of the internal portions, often adds much to the value of the property.⁴

Community Improvement Through Cooperative Effort

There are many ways in which communities, through cooperative effort, can increase the value of the home owners' investment. Very often the apparent advantages of, let us say, apartment

⁴ As a valuable source of suggestions as to how to make the usual repairs in proper maintenance see Phelan, Vincent B., *Care and Repair of the House*, Garden City, N. Y., Doubleday, Doran and Company, Inc.; Washington (U. S. Bureau of Standards), U. S. Government Printing Office, 1931. See also "Housing and the Community, Home Repair and Remodeling," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. VIII, Pt. II.

houses, are possible because of certain large-scale operations—that is, the heating plant or janitor service can be furnished for the whole building at a small cost per apartment. This idea can be carried into single-family houses by cooperative community effort. Cooperative service of this type can often be obtained at a small cost. If the home owners so desire, they can have heat furnished, lawns mowed, janitor service and the like and pay but little more for such service per house than the apartment dweller would pay for service in a comparable apartment.

In addition to the physical improvement of the neighborhood, which usually comes through home ownership, the cooperative community action to effect improvements in schools, libraries, recreational facilities, streets, parkways, shopping and marketing centers, transit and public utility service, and other matters of common interest, is apt to be more marked in neighborhoods of home owners than in tenant districts. In modern metropolitan life, owners of homes living in neighborhood units within the city limits or in the suburbs, by reason of the comparatively stable tenure, are in fact able to cooperate more effectively than in neighborhoods where apartment dwellers or house renters change from year to year. High turnover in community citizenship is as costly to the community as high labor turnover is to the business of a commercial or industrial plant.

Home Owners' Interest in Government

Probably nothing creates greater stability in government than a wide distribution of property ownership on the part of the people interested in that government. Increased home ownership would establish a larger responsible electorate. If we could count on an average of 75 per cent of the population living in owned homes, we should always have a safe majority of our people with a social and financial stake in the neighborhood community. This would undoubtedly be reflected in sounder judgments regarding candidates for office who might be selected from the community, and in a better understanding of local government and business problems on which voters must express their opinions. In this way home ownership would probably contribute to a better informed citizenry as well as to a more stable and responsible electorate.



Courtesy of Shannon and Luchs, Realtors

Burleigh, Washington, D. C. A distinctive development of one-family houses of the row variety, built for sale to individual owners.

Photograph by Leet Brothers



Courtesy of Buhl Foundation

Photographs by Rembrandt Studios

Chatham Village, Pittsburgh. A development of one-family houses in group and row arrangement. These houses are designed to rent to families of moderate income.

APPENDIX III

PROBLEMS OF RENTING

I. The Tenant's Problems

The importance of the renting problem in the United States is indicated by the fact that over one-half of the families in the country live in rented homes. There is a wide variation, however, in the rental situation among the different cities of the country. According to the 1920 census, in cities of 100,000 or more inhabitants, the proportions rented ranged from 97.9 per cent in Manhattan Borough, New York City, to 48.9 per cent in Des Moines, Iowa. Over four-fifths of the homes were rented in greater New York, Boston, Cambridge, Fall River, Jersey City, and New York City. Slightly less than half of the homes were rented in Des Moines and Grand Rapids. The proportions rented in other cities of this group ranged between one-half and four-fifths.

The Individual's Problem of Renting or Owning

The question of whether or not one rents is an individual one. The chief reasons which influence one to rent are that he desires freedom of movement; that he is unable to arrange a sound plan for purchasing; that he feels that it is cheaper to rent; that he questions home ownership as an investment; and that he does not wish to undertake the obligation of paying for a home.

Renting solves the problem of adjusting cost of housing to needs and income for many people better than ownership can. The renter ordinarily feels that he is more capable of judging a fair rental price than a fair purchase price. He has less to lose if he makes a mistake in judgment. Fear of the outcome of his negotiations, perhaps based on experience of his friends, deters many an inexperienced householder from owning.

Many renters, however, look upon these reasons for renting as temporary ones and are planning to own their own homes eventually. As one renter states:

"But there are other conditions under which it is desirable to own one's house, and we are already planning to build. This we will do as soon as we are able to finance the purchase properly, when my remaining here is more certain, and when construction work and the real estate market are deflated."

Choosing the Type of Dwelling

The renter has many types of dwellings from which to choose and he must weigh the advantages and disadvantages of these different types and strike a balance between the best combination of desirable features on the one hand and their cost on the other. Yard and garden space, out-of-door playspace, light and ventilation, and workspace, are usually most satisfactorily secured in a single-family house community. The apartment house, however, makes a strong appeal because of the janitor service, heating service, and in many instances, because of better equipment and superior interior finish. To those who have had experience in living in apartment houses, the security felt in living above the first floor is a desirable feature. Another advantage is the convenience in such instances as when the family wishes to leave the home for a few days in the winter time and does not have to bother about draining water pipes, etc.

Row houses, and two-family houses are ordinarily considered in between the detached single-family house and the apartment house, as far as desirability is concerned. Very often the home seeker's requirement as to cost and location are such that he can get the most satisfactory combination of factors in relation to income by sacrificing some of the advantages of single-family houses, or of apartment houses, and realize more satisfaction in the long run by living in one of the other types of structures.

Like the prospective home owner, the renter of a house should make, or have made, a careful examination of the structure in order to avoid a leaky roof, wet basement, unsatisfactory heating equipment, and the like. Although the tenant may have the privilege of calling upon the landlord to make good such defects, the discovery of them after he has occupied the dwelling often results in unsatisfactory relations with the landlord.

When renting accommodations in a multi-family house, one should check as many of the previously mentioned items as are applicable and, in addition, should observe such factors as soundproofing of walls and floors, and any tendency for water to come through the ceiling from the next story above.

How Much to Pay

In determining how much he should pay for rent, the tenant should take into consideration any differences in facilities furnished and costs of operation. One should pay less rent for a single-

family house, where he must furnish heat, mow lawns, care for sidewalks, and pay for water, than he should for a comparable apartment where the cost of these items is included in the rent. In a similar manner, the differences should be checked in comparing the other types of houses under consideration.

Determining the Location

The renter's problem of determining the location of his home is simpler than that of the prospective home owner for the reason that he does not have to determine community trends from an investment point of view. He simply needs to make a list of the desired facilities, and then find the location which has the best combination of those facilities. In selecting a location, he must assure himself :

1. That the section in which he is locating is appropriate to his scale of living and prospects.
2. That the nearness, location, equipment, and teaching standards of the schools are satisfactory.
3. That educational, shopping, transportation, amusement, religious and recreational facilities are adequate.
4. That police and fire protection are adequate.
5. That proper water supply, sewerage, and sanitary facilities have been provided.
6. That the landlord actually has the authority to lease the property according to the terms agreed upon.
7. That the rental is reasonable both in relation to the location and the period of the lease.

Time of Leasing

When making a lease, the tenant should take into consideration both the general business situation and the time of the year.

In periods of depression the tenant can often take advantage of the low rent situation for the time being, but he should not be misled into thinking that he can rent at similar rates throughout the following period of prosperity unless he has a long-term lease covering the prosperity period. In making such a long-term lease during depression periods, the renter may have to pay a rate for the entire period that would be higher than the current rates for month-to-month or short-term leases, but the rate would ordinarily be somewhat lower than if the lease were made during a period of prosperity.

In some cities annual leases expire in various months of the year, while in others there is a tendency to adhere to a single

leasing date. The staggering of leases so that they expire at different times of the year is an advantage to tenants for the reason that they have a greater choice when it is necessary for them to select new accommodations. Furthermore, they are able to get better service from the moving-van and public utilities companies, and they can be better taken care of by their landlords as they are getting settled in their new homes.

The Landlord

The renter often finds it of considerable advantage to study carefully the characteristics of his prospective landlord. A landlord who appreciates reasonable efforts on the part of the tenant to maintain his property, and one who is likely to make reasonable repairs, will do much to make the occupancy of the particular home pleasant.

Terms

A point often overlooked by members of a family who find it desirable to lease a home is that it often pays them to select one so carefully that it can be occupied for a period of several, or many, years. This enables the occupant to take a larger part in community life, and it cuts down the cost of moving, which constitutes a considerable expense to those who move frequently.

It is a common occurrence that those who do not wish to be tied down to a single location for one reason or another, often find themselves staying in the same city for a period of many years. In such instances it is desirable not only that the renter select a house and location that would be satisfactory for this period, but that he have a security of tenure which would allow him to stay as long as he wishes under certain terms. In many such instances, however, if the tenant leases the dwelling for 1 year, obtaining an option to renew for a period of 1 or 2 years at the same terms, he can enjoy sufficient security of tenure to enable him to make improvements so peculiar to his own desires that he does not feel justified in asking the landlord for them, and he can enjoy many advantages that the month-to-month or short-term tenant could not have. Such an arrangement would, for instance, give him an opportunity to develop a garden, even to raising perennials and shrubs if he desired to do so.

The tenant should not overlook the opportunity that he has, in leasing under such terms, to practice his garden hobbies, and to gain experience that will be valuable training, or background, if

he later purchases his own home. It is sometimes advisable in arranging terms to go a step further, and lease a house for periods of 5, 10, 15, or more years. It is often desirable to include in a long-term lease an option to buy.

In long-term leases of space in apartments or other multi-family dwellings, it is particularly important to include a description of the conditions under which the tenant may cancel a lease, because of unsatisfactory service, insufficient maintenance, unbearable neighbors in the same building, improper ventilation, and developments that destroy the character of the neighborhood.

Services Furnished

In renting a home it is important to have a definite understanding in writing regarding the services to be furnished, such as heat, light, water, janitor service, and waste disposal. There should be a clear understanding when or under what circumstances the heat should be turned on, when hot water should be available, and what furniture and equipment are included (if the house or apartment is furnished), and the contract should definitely include the penalties applicable or options to be exercised by a renter in case the landlord fails to carry out his part of the agreement. Certain minimum requirements are generally regulated by law, but it is often advisable to cover the individual's particular requirements in a written contract.

Repairs

When the renter leases a house it is usually a wise procedure to include a memorandum of all promised repair work in the lease. In this connection the attitude of the renter toward repair work may be considered. Many of the small odd jobs around the house, such as sticking doors, leaking faucets, loose screens, and the like could be repaired by the householder himself if he owned his home. If the renter is at all handy in making such repairs, it is practically as easy for him to make the repairs as it is to go to the effort of having the landlord do the work for him. In such instances the landlord usually appreciates the tenant's efforts and is more willing to make the major repairs. In some instances the tenant who is handy at repair work can readily arrange to keep a house in repair in return for a month or two of free rent.

It is in connection with the maintenance of a home and making of minor repairs that the tenant has one of his best opportunities to show a cooperative attitude. If the landlord is at all reason-

able, it pays the tenant well to make himself such a desirable tenant that the landlord does not want to lose him.

Importance of Legal Advice

The prospective renter, especially if he is planning a long-term lease, is cautioned to consider the advisability of employing competent legal counsel. The renter should ordinarily have the provisions of his proposed lease explained to him in relation to local leasing laws. It is a common custom for the landlord to draw up the leasing agreements and naturally the tendency is that leases favor the landlord rather than the renter. In order to guard against such contingencies as the house being sold over his head with a week's notice to vacate, one should secure competent help to protect his own interests when the terms of the lease are being determined.

II. The Landlord's Problems

Problems of the landlord vary widely with the different types of dwellings and with different classes of tenants. It will be the object in the present discussion to consider some of the more important problems concerning the landlord.

Building or Buying an Apartment House

The prospective builder or buyer of an apartment house should carefully consider the following factors in connection with his project:

1. Convenience and comfort of occupants.
2. Economical utilization of space.
3. Most effective use of materials and design.
4. Good layout on lots—adequate open space.
5. Permanence.

Examination of present apartment house structures indicates that many of them were built without adequate consideration of these factors. It is important that the arrangement and size of the rooms be such that they can be efficiently used. They must be of adequate size, with satisfactory closet capacity, but there must be no area that the tenant would consider as waste, for the landlord has difficulty in charging rent on such space. The apartment owner must obtain effective use of materials and design, so that he has a satisfactory structure, which is built in accordance with the local building regulations. Some local building codes require

the use of much more material than is necessary to meet the requirements of safety.

Too many apartment houses are not so laid out, in relation to the lot, that the most satisfactory use is made of the available space. Unless the open space is adequate for light and ventilation, much of the rentable area will be unsatisfactory. An apartment house should be built so that it will not require immediate or extensive alterations—interior or exterior. A careful consideration of the details in this regard makes it possible to build an apartment house which has a practical degree of permanence.

Many apartments have been built by speculative builders who sell them to others for operation. This practice has resulted in a lack of study of the factors mentioned, and many of the apartment houses now standing are inferior to those that are built with an adequate consideration of the different factors of importance to the tenant. A speculative apartment, however, will still offer competition which must be met by the more carefully built apartment houses.

Service

The apartment house landlord, if he is to keep his space filled, must give much attention to service. It is not enough to have the interest of the tenants at heart in a general way, but it is important to check up on the reactions of the tenants by a system of reports, in order that their wishes may be satisfied. One landlord uses the following report form in order to determine whether the janitor service, hot water, heat, etc., have been satisfactory.

Occupant's Monthly Report on Janitor Service

.....
 (Date)
 Property.....Apartment No.....
 Condition of front halls.....
 Condition of service porches.....
 Has heat been satisfactory for past month?.....
 Has hot water been satisfactory for past month?.....
 Have you any suggestions or recommendations for the betterment of janitor
 service of this apartment?.....

 Name.....

The preceding form gives the manager a monthly check upon the individual reactions of his tenants. His tenants are furnished with the janitor's and superintendent's telephone numbers and an emergency number for engineering service as part of the service to insure ample heat and hot water at all times.

Houses and Small Multiple Dwellings

The landlord who leases houses and small multiple dwellings ordinarily has problems of layout, economical utilization of space, and use of materials similar to those of the landlord of the larger apartment house but ordinarily he does not have the same problems of furnishing service. Furthermore, the landlord of the house and small multiple dwelling often finds it impossible to give his property the same close supervision that is possible on the part of the landlord of the larger apartment house. It is, therefore, more to his interest to secure the cooperation of his tenants in maintaining the property. The development of friendly relationships will do much in solving this problem and here again the renter who is handy with tools and will make minor repairs may be able to obtain more easily the necessary major repairs.

Garage for Tenant

In all kinds of rental dwelling districts, especially in apartment house districts, the problem of garage space is a very important one. In many instances the zoning laws are such that convenient commercial garages cannot be provided. A solution that will meet this problem in all localities has not yet been worked out, but it is probable that in many cases the zoning laws will have to be changed to permit the right kind of strictly storage-garage structure to be erected in residential districts and to provide for the furnishing of more garage space in the basements of large apartment houses.

Staggering Leasing Dates

From the point of view of the landlord it is important that all leases should not expire on the same date. Staggering of leasing dates makes it possible for landlords to more conveniently take care of repairs and the moving of tenants. It also distributes the burden of the work that accompanies the tenant's moving into the house. In cities where it is customary to have nearly all of

the leases expire at a certain time of the year, it is suggested that it would be well worth while to investigate the advantages of staggering the leasing dates and see that organized effort is brought to bear on distributing or staggering the leasing dates. In instances where effective work in staggering leasing dates has been done, it is recognized that the individual can do but little alone, and that organized effort is essential.

Contracts

Many landlords insist on having a formal lease agreement signed by the tenant, while others feel that such an agreement is a waste of time and effort. This is a question for the individual landlord to settle for himself, as the enforcing of broken leases or the following up of tenants who have left often costs more than the amount of the settlement that might be made. In cases of long-term residence by responsible tenants, however, written contracts should be so made that they can be readily lived up to by both landlords and tenants. Any unreasonable provisions in the lease may be taken advantage of by the tenant as a means of voiding the contract.

III. General Considerations

Conditions governing rentals vary in different parts of the country, in different cities and even within the same community. These variations are governed primarily by the type of population, type and condition of structure, business or industrial activity and by the growth or obsolescence of local areas.

Types of Renters

In every community there must always remain a considerable number of families who rent homes because it is not timely for them to purchase. In this group are:

1. The newly married who have not yet procured sufficient financial footing to assume the responsibility of purchase.
2. The group seeking to ascertain by experience the desirability of a given section before committing themselves to permanent residence.
3. Those, otherwise responsible, whose occupations are of an itinerant nature.
4. The more poorly paid of the population who lack the ability to purchase.

The first two classifications may be considered by owners as furnishing distinctly desirable tenants. If they are occupying houses

for sale, they constitute in a majority of cases, prospective purchasers. It is reasonable to assume that the members of the first group, upon becoming more stabilized financially, will have developed a community interest and acquaintanceship which may tie them to the vicinity of their temporary residence, if not to the actual premises occupied. This condition applies even more definitely to the second group.

Types of Rental Dwellings

One-family houses are usually not built or purchased for occupancy on a rental basis but are intended to be sold as rapidly as possible. Territorially these structures predominate in the smaller cities and in those suburban areas adjacent to larger commercial or industrial centers.

Except in times approximately approaching boom conditions, it is logical to assume that the entire production of any one builder or development may not be immediately sold. Within this class will be found the greater proportion of the single houses available for rental.

When builders and owners of small houses are considering the first two types of renters mentioned above, since a certain proportion of the original cost of the structure will have been amortized, rentals at figures merely approximating maintenance may be considered logical, particularly when it is considered that each tenant may be a prospective purchaser. If budgetary requirement for savings is added to the rental allowance, a practical system for purchase may well be arranged, in which case the problem of the leased premises becomes identical to that of home ownership, as treated in another part of this report, and the cautions brought to the attention of the prospective owner can be utilized by the family which seeks to occupy the premises as tenant.

Those engaged in itinerant occupations, comprising group three, can be considered only in the light of temporary occupancy. Even though otherwise responsible, many persons are, by nature of their employment, required to move at irregular intervals from one section of a community to another and in some instances to distant points. Within this group may be found those who are capable of paying any rental throughout the rental scale, and while in the aggregate a reasonably important group as tenants, their basic in-

stability of location precludes their consideration as prospective purchasers.

Within group four is found that portion of the community unable to pay rental demanded for modern or new houses but still anxious to maintain independent homes in single-family houses. The normal tendency of these persons is toward cheaper rentals in obsolete or obsolescent districts, or in inexpensive developments located convenient to the place of employment. It is the exception rather than the rule to find prospective purchasers within this classification.

The two-family (sometimes called duplex) type of dwelling reaches its greatest popularity in the smaller cities and in locations removed from the immediate centers of large cities. In the smaller communities, many local investors favor this type of structure, considering that rentals will compensate for the investment and provide an adequate return. The more general use of such a structure, however, is the purchase by particularly thrifty individuals, who have in mind the idea of providing comfortable and satisfactory living accommodations, the cost of which is minimized by renting part of the premises.

The problem of providing adequate housing facilities for the employees of large industrial corporations that are located outside the centers of population is one that concerns the management of industrial plants rather than individuals. In older sections, many such projects have been unattractive; they were designed only for the purpose of providing domiciles for employees convenient to their work, and at a minimum of rent. In recent years, however, an increasing number of organizations, possessed of more than average foresight, have considered that the provision of attractive and convenient residences, at nominal cost, has a particularly beneficial effect on employment conditions, and tends to stabilize employment and to improve the morale of employees.

Multiple dwellings range all the way from the three-family structure of some of the smaller cities to the modern apartment house of 15 stories or more, peculiar to the central areas of the larger cities. The apartment house is a commercial enterprise and, under normal conditions, the supply has followed the demand.

However, there have occurred fluctuations in rentals from the unreasonably high levels of the immediate postwar period to the present sharp reductions incident to the overproduction during

the last few years of buildings of this type. Provision of apartment house space is a prime necessity in the great cities, and continued construction of such buildings will undoubtedly proceed through the efforts of individual investors for whom adequate supply of capital is normally available. Even under existing conditions, there is a reasonable demand for modern apartments embodying the most up-to-date features of design and construction which, with proper planning, can be provided even in buildings designed for a nominal rental expectancy.

It should be borne in mind that apartment buildings will be in competition with buildings of the same type more recently erected and the owner should be constantly alert to the necessity for practicable modernization of his building as well as the preservation of the desirable qualities of the neighborhood in which it is located. Thus, while it may become necessary to adjust rentals to levels within the means of families not requiring the very highest standards of convenience and modernness, the property will still be attractive to a desirable clientele. By this procedure, if proper allowance for depreciation has been made during the most productive years of the structure, the building can be maintained on a profitable basis and will serve to furnish superior living accommodations to those unable to pay the highest scale of rents.

The Apartment House in Relation to a Community

The Planning Board of New Rochelle, N. Y., recently conducted a door-to-door survey of apartment houses in that city with a view to determining, among other things, the following:

- Do apartments pay the city?
- Do apartments pay the tenant?
- Do apartments pay the owner?

The field studied consisted of modern apartment houses and typical single-family houses among apartment houses, occupied by about the same class of people. The report states:

"From these statistics it would appear that the apartment house and the dwelling each has its place. Where there is a family of children of pre-school age or school age, the dwelling offers more advantages in proportion to the rent than does the apartment. However, for families where there are no young children, or possibly at most one child, and for single adults, the apartment offers distinct advantages. With the constant decrease in the

size of the family, the number of families or individuals who would find it preferable to live in an apartment is constantly increasing. Therefore, the market for apartment houses is increasing."

"From the standpoint of the building owner, the rapidly increasing price of land per square foot in New Rochelle and the number of square feet that must be preserved around houses for health and safety is making it more and more difficult each year to build new one-family houses to rent. On the other hand, even the garden type of apartment with relatively large open spaces around it is a more economic proposition to the owner and to the tenant than is the one- or two-family house.

"From the city's standpoint, the apartment house pays in taxes per square foot of land about three times as much as the dwelling. However, the apartment brings about half as much in taxes per family as does the dwelling. . . .

"As to fires and contagious disease, the records seem to show no advantage one way or the other, although the increasing tendency to build fire-proof apartments is tipping the balance in favor of the latter.

"Furthermore, the investigation shows that it is entirely practicable and economic to insist that no new apartment house should cover over 40 per cent of the lot and under many conditions it would be practicable to limit them to 30, 20 and even 15 per cent of the lot. The survey also shows that it is no hardship to limit apartments to four stories in height unless they are restricted to a very small percentage of the lot area."

Rent Surveys

The Philadelphia Housing Association which has been collecting rent data since 1914, summarizes the value of a rent survey as follows:

"A rent survey may or may not have practical value. It may confirm a belief that rents are either going up or down, or are subject only to very slight changes. It may be contributory evidence of an increase or decrease in the purchasing power of the dollar. It may indicate the absorption of dwellings, or decreased difficulty in securing tenants. But beyond these rather general interpretations, few individuals seem to appreciate the significance of rent data.

"Rent data are more than cold statistical statements. If the material is comprehensive, it should enable the analyst to determine tenant mobility and the months of the year when tenants feel the urge to move most strongly; it should show the compulsion on owners or tenants to make improvements or repairs, and correlate the changes in tenantry with major improvements; and it should reveal the degree of law observance by recording the prevalence of violations of the housing laws.

"Other points which may be helpful in solving management problems may be brought out in a rent survey, as for example, whether rent changes are greater in the higher- or lower-rental groups; whether lowered rents influence tenant mobility; and whether there are appreciable differences in

rental rates between white and Negro tenants. Do rents fluctuate equally in all parts of the city, or are some areas, which are substandard in character and unstable in occupancy, experiencing rent changes without uniformity or regularity? Furthermore, the by-products of such rent surveys may furnish definite information as to the number of rented dwellings with inadequate equipment and the percentage of tenants who, for economic reasons, live in low-rental houses, or are behind in their rent payments. Numerous other pertinent conclusions may be drawn from a comprehensive rent survey, conclusions which have practical value to those who own or contemplate owning and managing rental properties, as well as those who propose model housing projects for small wage-earning groups."

PART II. RELATIONSHIP OF INCOME AND THE HOME

CHAPTER II

GENERAL CONSIDERATIONS AND RECOMMENDATIONS

Introductory

The question of family income is of cardinal importance in the consideration of any housing program. It is of particular moment in the discussion of home ownership, since it is out of the resources saved from its current income that the average family finances a home purchase.

There is general agreement that home ownership, from the point of view of financing, is little more than a matter of choice for families in the higher-income groups and that, conversely, it is virtually out of the question for city families of substandard and very uncertain income. There is not, however, general agreement as to the income level at which home ownership is a practicable possibility, taking into account such special factors as size of community, occupation, type of mortgage and the like.

The Committee on the Relationship of Income and the Home was organized in the hope that it might aid in the elucidation of these and similar questions. The committee's task has, throughout, been fraught with two major difficulties—difficulties which have at one and the same time greatly restricted the scope of its investigations and determined the course of such investigations as it has conducted. In the first place, there have been very few previous studies directly bearing on the committee's field of inquiry. In the second place, such data as are available are only partially comparable on account of such complicating factors as occupational and regional standards of living, local peculiarities in building styles and financing methods, and differences between urban and rural housing conditions.¹

¹ The original outline of the scope of the committee's study is as follows: "The range and percentage of income devoted to rent and to home acquisition, to heating, lighting, and service for the home, to the acquisition and upkeep of furnishings and equipment will be considered for different parts of the country and for urban and suburban districts, and by population and racial

As a consequence of these difficulties, the committee decided to supplement its activities in assembling and collating existing information by at least one first-hand field study. Since, moreover, within the marginal-income groups, home ownership is less common in large metropolitan areas than in rural and semi-rural communities, it was decided to select a metropolitan area for such a fact-finding study.²

The City of Buffalo was finally decided upon as the subject of this initial sample study, partly because of certain practical considerations relating to the availability of a staff and research facilities, partly because as a city of some 570,000 population, situated at the eastern end of the Great Lakes basin, it appeared reasonably likely to be typical of northern industrialized cities.

The committee has continuously been aware of the limitations and risks involved in this procedure. Local idiosyncrasies might reduce measurably the degree to which the Buffalo district could be taken as representative of northern metropolitan areas and the relatively small number of cases which could be covered within the limit of time and funds available might introduce a further element of uncertainty in the interpretation of the data yielded by the study.

On the other hand, no extensive field investigation is altogether free from the difficulties involved in a sampling study, unless it is conducted on a scale so wide as to be beyond the reach of all but governmental organizations, or of the most amply financed private ones, and such extensive and inclusive investigations are not likely to be undertaken until the way for them has been pointed by less ambitious enterprises. Moreover, the committee feels that, pend-

groups, and these factors will be examined also with reference to other factors in the family budget needs and standards. Case studies as well as statistical studies will be assembled or made, and the findings will be evaluated in an attempt to devise principles for home budgeting and to state as exactly as possible the individual factors which must be taken into consideration in applying these principles in advising individual families. The committee will also study examples of the better types of housing now available for unskilled and semi-skilled workers in various parts of the country, in order to ascertain the methods of making these more widely available. The salvaging and refinishing of old furnishings, economical types of home gardens, income-producing activities in the home and other devices for reducing costs or for improving conditions at little or no cost will be examined."

² A special tabulation of the 1930 census data on home ownership, recently made by the Division of Building and Housing of the United States Department of Commerce, brings out very clearly the disparity between metropolitan, urban and rural areas in respect to home ownership. Reference to this tabulation is made in Chapter VII, p. 135.

ing such a large-scale inquiry, an approximately accurate picture of the income-and-home-owning situation, at least in certain broad categories of communities, might be obtained by means of sample studies in a number of communities. Methods of investigation and tabulation would be progressively improved, and the Buffalo study might well serve both as the initial component in, and a stimulus to, such a series. Finally the committee, after consideration of the data yielded, is of the opinion that the Buffalo sampling study has served to call attention to certain elements in the home purchasing situation in American metropolitan areas that are pertinent to the subject of the relationship of income and the home, and to the questions of financing methods and of family economy that are inextricably bound up with it.

I. Factual Summary and Commentary

As indicated above, the research activities of the Committee on the Relation of Income and the Home fall into two general categories: First, a review of such published data as are available, and, second, a sample fact-finding study in the Buffalo area.

The first of these two types of investigation is to be found in Chapter III. The studies comprising these data consist of a survey of existing cost of living and budget studies,³ and a summary of some of the more noteworthy experiments that have been made in the United States for making good housing available to low-income families.⁴

In Chapter V are presented the results of the Buffalo sample study. The principal feature in this study is the statistical analysis of some 800 Buffalo home buying families with incomes of \$3,000 per year or less.⁵ This study is followed in Chapter VI by a brief analysis of detailed budget studies of ten of these Buffalo home buying families.⁶

Other projects instituted in conjunction with the work of the committee, include a statement of principles governing the re-

³ This survey was prepared by Dr. Faith M. Williams, a member of the committee, and Dr. B. Eleanor Johnson of the Research Staff of the President's Conference on Home Building and Home Ownership.

⁴ This study was conducted by Miss Blanche Halbert, a member of the committee.

⁵ This study was conducted under the direction of Prof. M. A. Brumbaugh of the University of Buffalo, Vice Chairman and Secretary of the committee.

⁶ This study was prepared by Dr. Niles Carpenter, Chairman of the committee, with the assistance of Mr. Thomas Neill, University of Buffalo.

conditioning and remodeling of the home.⁷ This will be found in the appendix on page 143.

Need for Further Research

It is obvious that the work of the committee has been handicapped at every turn by the scarcity of authoritative data on the subjects with which it has had to deal. Particularly serious is the dearth of budget and cost of living studies containing detailed figures dealing with financing of housing and home ownership. While there are cost of living studies in large numbers, few of them have been made with sufficient particularity and care to permit any but the most general conclusions concerning the way in which the American family makes financial provision for the rental, purchase and payment of a home, for its upkeep and its furnishings, maintenance, and modernization. Moreover, such data as are available cover such a wide range of geographical and economic groupings, housing types, social classes and sizes of communities, as to render exceedingly difficult any comparative studies. Finally, there is virtually no material at hand concerning specific nationality and racial groups, a fact that is of great significance when it is remembered that Negro and immigrant groups often experience great difficulty in securing adequate housing at reasonable cost.

Another topic, concerning which there appears to be virtually no available information, is the status of home purchasing as an investment as compared with other types of savings and investments.⁸

Expenses above Basic Costs

The data suggest that many families are unable to purchase homes partly because of factors extraneous to the basic economic cost of the house itself. This observation applies particularly to the cost of financing, partly by reason of the relatively unorganized condition of the market for real estate loans, and partly because of certain customs and practices which frequently accompany small home financing. Many home buyers find themselves

⁷ Prepared by Miss Emily W. Dinwiddie, a member of the committee.

⁸ There is available one general statement comparing "real estate" as an investment with savings accounts, building and loan shares, life insurance, stocks and bonds and investment-trust shares. It is contained in Keister, Alfred S., *Our Financial System*, New York, The Macmillan Company, 1930.

forced to pay premiums for mortgage placements and renewals, mortgage discounts and similar extra charges which considerably increase their costs over and above the basic economic costs for labor, material, interest, risk and other overhead. So disorganized is the home financing situation, in Buffalo at least, that a substantial number of the home buyers interviewed appeared to have only the cloudiest conception of the status of their indebtedness in respect to interest charges and amortization. When the fact is borne in mind that this situation was discovered within a group consisting exclusively of native born white American families, one seems to be justified in inferring that it obtains probably in a more aggravated form among immigrant and Negro families.

Inequality in Bargaining Strength

Closely related to the foregoing is the fact, elicited during many of the personal interviews upon which the Buffalo home ownership study was based, that the home buyer often finds himself at a serious disadvantage in dealing with the seller or builder. He is usually inexperienced in such matters and ignorant of real estate and housing conditions as a whole in his community, whereas the other party to the transaction ordinarily is highly expert in this field and is familiar with building and housing conditions and with real estate values. Since the purchase of a home often constitutes the most momentous single financial transaction in which the average American family engages, the relatively weak bargaining position of the home buyer assumes great significance.

New versus Used and Reconditioned Homes

The Buffalo home ownership study shows that 71 per cent of the families who were paying for their homes in 1930 had purchased houses which had been built since 1921 and that in only 3 per cent of the cases had the date of building of these houses gone back as far as 1905. While it is true that there is a rapid depreciation through obsolescence, neighborhood change, and physical deterioration in present-day urban houses, it would seem unlikely that this depreciation could have proceeded so rapidly as to render advisable the passing over of so large a number of older houses as has been the case with this group of Buffalo home buyers.

The relative insignificance of the used or reconditioned house

in home purchasing may be partly assignable to the inexperience of the American householder in home buying. It is the house that is vividly called to his attention through the efforts of the builder and large-scale real estate promoter which he is more likely to buy. The used or reconditioned house, on the other hand, is often overlooked and is allowed to drift into dilapidation and deterioration, *via* the rental route. If this conclusion is correct, it would seem likely that a very great amount of waste is involved in the existing home purchasing situation.

The preceding generalizations probably do not apply so far in the rural as in the urban community. Although the committee does not have in its possession any factual data supporting such an assumption, the relatively small volume of housing construction in many rural communities does support it.

Spending Patterns in Home Buying Families

Another generalization, which is suggested but not explicitly indicated by the data subsumed in Chapter V, is that many of those families that are engaged in the purchase of houses have a highly developed regard for such satisfactions as are associated with home ownership. Certain of the families included in the Buffalo case study (Chapter VI) have made the most strenuous effort to acquire and keep their homes. The 789 families enumerated in the Buffalo home ownership study had materially increased expenditures for only two items in their family budgets, namely, household furnishings and household equipment. These, be it noted, are objectives of expenditures closely related to the home itself. On the other hand, expenditures for clothing, moving pictures and theaters, books, magazines, vacations, and household help have in many cases been curtailed, while those for automobiles, life insurance, and education have been relatively unaffected. The greater number of these items of expenditure where curtailment is evident can be classified as those ministering to the satisfaction of individualistic wants without relation to the individual's domiciliary and familial status. The data, therefore, suggest that a definite pattern of family expenditures is established in at least some home purchasing families; namely, that its several members hold within bounds the satisfaction of their extra-domiciliary and individual needs and thereby make possible the pooling of the family's resources for the attainment

of those more collective objectives such as are involved in the acquisition, maintenance and equipment of the home. If this generalization is applicable to home buying families in general, its significance is considerable, for it means that all those influences making for the enhancement of family values as over against the seeking after goods and services catering to individualistic wants, may be expected to make for the expansion of home ownership.

Special Advantages Enjoyed by Some Home Buying Families

Another deduction suggested by the research activities of this committee is to a certain degree involved in the preceding paragraph. It is that the families who embark upon the enterprise of home ownership and succeed in it may not be, in all regards, typical of their respective economic and social strata. As has already been shown, there is at least a possibility that many among the group of home purchasing families have a relatively highly developed sense of family loyalty. Again, almost every one of the ten households studied in the Buffalo case study was able to keep its charges for maintenance and repair at very low figures, because of the fact that the chief breadwinner—by reasons either of special skill, extra leisure, or ability to purchase materials at low prices—was able to do much of the work upon his house himself. More than this, certain of the ten families in this case study had access to sources of income not generally available to members of the population at large, or enjoyed unusually secure tenure of employment. Yet again, the families included in the Buffalo home ownership study were found to contain a disproportionately large number of skilled workmen, or, in other words, of men who could be expected to do a considerable amount of work upon their own homes.

No one of these facts taken by itself is of particular significance. Taken altogether, however, they suggest a query: How many home purchasing families are the beneficiaries of special advantages in the way of income, skill, family solidarity and the like which are not equally diffused throughout the population? In other words, is it not likely that within any given income group those families purchasing homes will be found to be not broadly representative of that group as a whole, but *rather of those members*

of that group enjoying some special advantage? As the lower-income ranges are approached, such queries as these taken on added significance.

The Problems of the Low-Income Family

The interrogations just propounded lead to another, which represents the nub of the entire problem put before the Committee on the Relationship of Income and the Home. It may be stated as follows: How many families are unable, under existing conditions of home financing and income distribution, to purchase homes at all, and what policy is to be adopted in respect to those who cannot?

The Buffalo home ownership study has shown that relatively few families receiving less than \$1,250 a year were able to buy homes in an urban industrial community such as Buffalo. A similar situation is revealed by the summary of existing budget data prepared in cooperation with the Committee on Household Management⁹ and by the Committee's study of low-cost housing projects. Such a statement as this cannot be applied to all sections of the country and to all classes of communities. Obviously, housing costs are not so great in areas where cellars do not have to be dug or furnaces installed as in those in which these features are required. In small towns and rural communities in which land values are low and wage rates beneath those of city levels, homes can probably be purchased for smaller amounts than could comparable housing accommodations in large towns and cities. Nevertheless, it is obvious that the existing distribution of incomes throughout the American population renders impossible, under present conditions, the purchase of homes for a very large number of American families. More than this, the data on family budgeting mentioned above, together with the material brought together in the two Buffalo studies, suggest that many families are attempting to purchase homes at the expense of other important elements in their family economy. As pointed out earlier in this chapter, it may be possible to curtail expenditures for certain individualistic satisfactions without encountering any serious results, save the intangible ones implied in the limitation of personality de-

⁹ See "Household Management and Kitchens," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. IX, Pt. I.

velopment. Nevertheless, the virtual expunging from the budget of savings and investments other than those involved in the purchase of the home, and the drastic reduction in such items as education and recreation as are indicated in some of the detailed budgets presented in the Buffalo case study, appear to represent an unbalanced, if not an unwise, distribution of expenditures.

II. Recommendations

In presenting its recommendations, the Committee on the Relationship of Income and the Home is happy to report that it has reached substantial unanimity in virtually all of the topics discussed by it. There have been certain differences of opinion in connection with various proposed measures for meeting the needs of low-income families. This diversity of opinion is, however, of no great moment, since it serves merely to bring out the fact that a greater body of authoritative information on this topic is necessary before sound social and economic planning can take place. In fact the necessity for engaging further research constitutes the first item in the list of the committee's recommendations.

1. Research Needs

The serious lack of factual material concerning the extent to which home ownership is available to members of various income groups, the way in which the family economy is affected by home purchasing, and the measures which might be devised for making home ownership more widely available to families of moderate means, should be remedied as quickly as possible. There is an especially acute need for the following types of research:

(a) **Home Ownership Surveys.** These studies should be made more inclusive than was the Buffalo study, in that various ethnic and neighborhood types should be included. They should also be supplemented for comparative purposes by studies of families who are living in rented quarters, families who have tried to purchase homes and failed, and families who have completed their home purchases.

(b) **Cost of Living and Budget Studies Giving Particular Attention to Expenditures for Housing.** Distinction should be made between owning and renting families. Expenditures should be itemized so as to show outlays for rent or for home financing, including taxation, insurance, interest payments and amortization. Expenditures for home maintenance, house furnishing and house equipment should be itemized as well as those for remodeling, reconditioning and modernizing.

(c) **Detailed Case Studies of Families Bearing on Their Experi-**

ences in Securing Housing Facilities. These studies should include families who have failed in buying homes as well as those who have succeeded. They should also take into account families who have never attempted to emerge from the renting class and who do not intend to do so. In these studies an especial effort should be made to take cognizance of motives, attitudes and those other aspects of family economy that are not readily reducible to statistical formulation.

(d) **Significant Attempts to Make Home Ownership Possible for Families with Low or Uncertain Incomes.** There is an especial need for objective and thorough investigations of cooperative apartments, limited dividend and philanthropic housing schemes, large-scale housing developments, tax-exemption plans and various forms of direct and indirect subsidization of housing in this and in other countries. Attention should not be concentrated upon successful ventures alone.

Research Auspices. Research enterprises such as are included in these recommendations could probably best be carried on by governmental agencies, research organizations, and university departments of economics, sociology and business research. In certain cases, it might be desirable to secure financial support and cooperation from chambers of commerce, real estate boards, city planning and housing groups, councils of social agencies and similar community organizations.

2. Financing Costs

It is obvious that anything which could be done to reduce the cost of home building and home purchasing would automatically serve to make home ownership more available to persons of low and moderate incomes. It is equally obvious that the formulation of definite recommendations in this direction are, for the most part, outside of terms of reference of this committee. Nevertheless, on the basis of certain facts which have been developed in the course of its investigations, the committee ventures to set forth a limited number of recommendations looking toward the reduction of the cost of home financing.

(a) **Curtailement of Short-Term and Unamortized Mortgages.** The short-term mortgage and the consequent possibility of frequent demands for premiums and bonuses for mortgage renewal have been seen to constitute a considerable drain upon the resources of the home buyer and also to inject an element of insecurity into his entire financial plan. Both difficulties could be reduced if the practice of writing short-term mortgages were replaced by one in which long-term mortgages were written with adequate amortization provisions by means of which the interests of the lender

might be safeguarded at the same time that the financial security of the home buyer was being protected.

(b) **Broadening the Base of Home Financing.** Another difficulty has been seen to arise from the fact that established financial institutions do not engage more widely in the financing of home purchases, leaving a large part of the field to private individuals and to relatively unregulated and irresponsible agencies. This observation applies particularly to the second mortgage. The situation could be largely remedied by legislative and other changes, making possible the wider participation of banks, insurance companies, trust companies and building and loan associations, under proper safeguards.

(c) **Rediscounting of Mortgage Paper.** The possibility might be considered of making mortgage paper available for rediscount purposes.¹⁰

3. An Organized Housing Market

The relatively unorganized condition of the real estate market places both home buyers and home sellers at a disadvantage. The probabilities are, however, that the home buyer is at the more serious disadvantage because the bulk of home selling is in the hands of professional real estate dealers. Anything which may be done by multiple listing or otherwise to reduce the waste and uncertainty involved in unorganized and unregulated marketing of houses would operate to bring a larger number of individuals into the home owning group.

4. Education

In many cases, home owning appears to be unnecessarily difficult and hazardous by reason of the fact that the family involved does not possess adequate information concerning the best way to go about the purchase of a home. Consequently, a number of educational efforts, designed to make more widely available standard and approved practices in home buying, would enable more families to embark upon and succeed in the enterprise of home purchasing.

(a) **Purchase of Older Houses.** Many families of moderate means

¹⁰ A resolution was adopted by the Conference, endorsing the suggestion of President Hoover for the establishment of a system of home loan banks. The President's statement appears in "Home Finance and Taxation" and the resolution appears in "Housing Objectives and Programs," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vols. II and XI, respectively. This suggestion culminated in the enactment and approval on July 22, 1932, of the Federal Home Loan Bank Act, providing for the discounting by mortgagees of first mortgage paper. (Public Act No. 304, Seventy-second Congress.)

can find their housing needs adequately met through the purchase of older houses, particularly in neighborhoods in which character is well established. In some cases a certain amount of reconditioning and modernizing might be called for, and in this connection attention is called to the statement of principles governing remodeling and reconditioning attached to this report. Since the bulk of advertising and sales effort in the real estate field is now devoted to the marketing of new houses and subdivision property, it would seem that special educational efforts are necessary to call the attention of the prospective home buyer to the possibilities of securing adequate housing through the acquisition of older houses.

(b) **Sources of Information.** The prospective home buyer should also be put in possession of information concerning the points to be observed in going about the purchase of a home *and of the pitfalls to be avoided*. This information should cover the rights and obligations of home buyers, the conditions under which mortgages are written, liability for special assessments, and probable cost of maintenance and upkeep. The pamphlet, *How to Own Your Home*, issued by the United States Department of Commerce, and *The Better Homes Manual*, issued by Better Homes in America, are examples of such educational services.

(c) **Overbuying.** There is an especial need to insure that families *will not purchase homes beyond their means*. In other words, the prospective house buyer needs to be urged to study the financial outlays involved in home purchase in connection with his entire financial plan and to enter into no commitments which involve undue risk, not only to the security of his purchase, but also to the financial stability of his family.

(d) **Family Attitudes.** It has been seen that the pattern of expenditures and the scale of values within the family goes far to determine whether or not its individual members will cooperate so as to make home purchases possible. Accordingly, anything that may be done to enhance the attitudes of family solidarity and loyalty will indirectly promote home ownership. Particularly valuable in this connection would be emphasis upon the fact that many purely individualistic needs and wants can best be fulfilled in the atmosphere of stability and security, which surrounds the acquisition and ownership of a home. On the other hand, frank recognition should be made of the fact that much of the effort in contemporary marketing and advertising is directed toward the stimulation of wants, the satisfaction of which implies the withdrawal of spending power which might otherwise be devoted to the acquisition and furnishing of the home.

(e) **Housing for Low-Income Groups.** The varied studies of this committee have demonstrated that there are within the American population large numbers of families who cannot now, under any circumstances, afford to purchase homes or who are attempting to buy homes under budgetary plans of the sort that generally involve an unwise curtailment of various items in their family budgets. The committee has no full-rounded program to present for the amelioration of the housing needs of such families. There is, however, general agreement on the part of the members of the committee that nonprofit and limited dividend enterprises may

have a wide field of usefulness in this connection, as may also housing enterprises instituted under proper safeguards by individual employers and groups of employers. The committee feels also that, in congested metropolitan areas, equitably financed and properly managed cooperative apartments exhibiting sound planning and construction may help to provide many of the values inherent in home ownership to some families who could not afford to purchase single or semi-detached houses.

There remain to be considered various devices for bringing governmental aid into the field of home building and of housing generally. These proposals include governmental loans, tax exemption and direct participation of governmental agencies in the construction, renting and sale of housing facilities. The committee does not have available a sufficient body of information to warrant its making recommendations upon the controversial matters raised by this last group of proposals.

CHAPTER III

RECENT DATA ON INCOME DISTRIBUTION AND FAMILY EXPENDITURES FOR HOUSING IN THE UNITED STATES¹

Comprehensive data on the distribution of income among the families of the United States are not available. King² and his associates of the Bureau of Economic Research have estimated the average number of wage workers, salaried employees, and entrepreneurs in certain industries for each year from 1909 to 1927 together with their average annual earnings. According to this estimate, in 1927, 67 per cent of the 36,000,000 workers attached to certain industries, primarily urban, were wage earners, 23 per cent were salaried employees, and 10 per cent were entrepreneurs. The average annual earnings for the wage and salaried workers (90 per cent of the entire group) were estimated as not quite \$1,500. The range of the estimated average annual earnings for wage earners, who comprise two-thirds of the group, was from \$1,202 in "unclassified" industries to \$1,644 in "construction"; and that for salaried workers was from \$1,771 in "government" work to \$2,470 in "manufacturing" industries. Douglas³ has estimated the average annual earnings for wage earners attached to the manufacturing and transportation industries for the year 1926 at \$1,302.

All these figures take account of loss of earnings through unemployment in the year to which they apply. The possible earnings of the wage earner are constantly subject to reduction as the result of loss of working time due to unemployment, underemployment, sickness, and other disability. The total loss from these causes has been estimated as varying from 28.4 per cent of possible working time in 1921 to 9.5 per cent in 1923.⁴ During the present de-

¹ Prepared by Dr. Faith M. Williams, a member of the committee, and Dr. B. Eleanor Johnson, Research Staff, President's Conference on Home Building and Home Ownership.

² King, W. I., *The National Income and Its Purchasing Power*, New York, National Bureau of Economic Research, Inc., 1930. See pp. 56, 60, 62, 146-47, 158-59.

³ Douglas, P. H., *Real Wages in the United States*, Boston, Houghton-Mifflin Co., 1930, p. 463.

⁴ Brissenden, P. F., "Earnings of Factory Workers, 1899-1927," *Census Monograph X*. Washington (U. S. Department of Commerce), U. S. Government Printing Office, 1929, p. 341.

pression, the index of average employment in manufacturing industries for the entire year of 1930 was 83.7 and, for the first 10 months of 1931, 72.0 as compared with 97.5 in 1929 and 100.0 in 1926. The index of average payroll totals was 80.3 in 1930 and 62.1 for the first 10 months of 1931, as compared with 100.4 in 1929 and 100.0 in 1926.⁵

Among families of wage and salaried workers, the regular earnings of the father constitute a very large proportion of the total income. No comprehensive data are available to show the proportion in families of different types, but an analysis of recent studies shows a variation of 68 per cent among Federal employees in Chicago with average family incomes of \$2,746 to 88 per cent among street-car employees in San Francisco, with average family incomes of \$1,886.

The amount of the income that the family will spend for housing, home furnishing, equipment, and household operation is dependent upon the importance of these to the family as compared with the importance of other goods and services which are an essential part of its standard of living. Recent studies of family living in the United States have been analyzed to determine how family expenditures actually have been apportioned. No studies made previous to 1922 were included in the analysis, for it was not until that year that the cost of living regained a fair degree of stability, after the unsettled price conditions during and directly following the war. No studies of rural family living nor of Negro family living were included since the housing problems of these two groups are being considered by separate committees.

The analysis of the studies available showed that, in general, expenditures for housing have been less completely analyzed than expenditures for food and clothing. Of the eleven studies which furnished data on housing expenditures, only one presented separately the expenditures for renters, for home owners with homes owned free, and for home owners with homes mortgaged; and only one showed separately average yearly incomes for renters and home owners. The customary procedure has been to combine into one figure, housing expenditures as well as other expenditures for home owners and renters.

The studies analyzed show considerable variation in the items

⁵ Bureau of Labor Statistics, "Trend of Employment," *Monthly Labor Review*, U. S. Department of Labor, December, 1931, Vol. XXXIII, p. 1478.

included under "housing" and "household operation." In the studies, "Standard of Living of Employees of the Ford Motor Company in Detroit,"⁶ "Cost of Living of Federal Employees in Five Cities,"⁷ and "Housing Problems of Salaried Workers Employed in Downtown Pittsburgh,"⁸ housing expenditures included rentals paid and rental value of homes owned. In Peixotto's study of 96 faculty members' families in Berkeley,⁹ and in the Heller Committee study of street-car men's families,¹⁰ "housing" included rent, payments on principal, interest on mortgages, assessments, repairs, fire insurance, taxes, water rent, car fare to and from work, garden and garage. In his study, "Income and Expenditures of Minnesota Farm and City Families,"¹¹ Zimmerman combines expenditures for housing and operating under the general heading "household purposes," but he presents data for owners and renters separately in sufficient detail so that expenditures for housing as well as for operating may be determined for both renters and owners. For this analysis, taxes, insurance, repairs, alterations, and rent have been presented as housing expenditures. Interest on mortgages on owned homes is included with "interest and taxes on investments," and cannot be computed from the published data. In Nienburg's study of mine workers' families¹² rent included water for about half the renters and in the study, "Incomes and Living Costs of a University Faculty,"¹³ rent included water and repairs. In Houghteling's investigation of living conditions among laborers in Chicago,¹⁴ no definite statement is made regarding the services included with rent. Since 405 of the 467

⁶ Bureau of Labor Statistics, *Monthly Labor Review*, U. S. Department of Labor, June, 1930, Vol. XXX, pp. 1209-52.

⁷ Bureau of Labor Statistics, *Monthly Labor Review*, U. S. Department of Labor, August, 1929, Vol. XXIX, pp. 315-35.

⁸ *Pittsburgh Business Review*, Vol. I, pp. 12-16. (Preliminary Report and unpublished data.)

⁹ Peixotto, J., *Getting and Spending at the Professional Standard of Living*, New York, The Macmillan Company, 1927.

¹⁰ Heller Committee for Research in Social Economics of the University of California, *Spending Ways of a Semi-Skilled Group* (University of California Publications in Economics), 1931, Vol. V, pp. 295-366.

¹¹ Zimmerman, C. C., *Bulletin 255*, St. Paul, University of Minnesota Agricultural Experiment Station, 1929, p. 19.

¹² Nienburg, B., "Cost of Living and Retail Prices in the Anthracite Region," *Senate Document 195* (Sixty-eighth Congress), Pt. II.

¹³ Henderson, Y., and Davie, M. R., New Haven, Yale University Press, 1928.

¹⁴ Houghteling, L., *The Income and Standard of Living of Unskilled Laborers in Chicago*, Chicago, University of Chicago Press, 1927.

families studied heated their homes with stoves, and the other 62 with furnaces, one may conclude that heat was not provided with rent. In the study made by the New York State Board of Housing¹⁵ which was restricted to home purchasing families living in the cooperative apartment houses built by the Amalgamated Housing Corporation, the cost of housing included interest on mortgage, payment on principal, taxes on land, and maintenance costs; heat, water, insurance, redecorating, wages, and salaries of the apartment house employees.

Insufficient data were shown in the studies analyzed to determine expenditures for housing that would be comparable for all the different groups studied, and comparison of the results as presented in the studies is necessarily unsatisfactory. It is possible, however, to draw certain conclusions from the material available. It is evident that the relationship between income and expenditure for housing is not a fixed percentage but a variable which depends upon housing facilities and housing costs in the community where the family is located, the size of the family, the family's present economic status and its probable economic future, whether the family is renting or buying its own home and, if it is buying, the basis on which the purchase is being made.

The communities represented in recent studies which show the lowest percentage of family expenditures allotted to housing are those studied by Nienburg in the anthracite region.

Among the anthracite mine workers, for whom in most cases the housing facilities available were very unsatisfactory, the percentage declined from approximately 15 per cent to approximately 8 per cent.

"Families paying rent in cities of 50,000 and over paid (an average rental of) \$14.72 per month; those in cities of 10,000 to 50,000 paid \$14.39, whereas families in cities of 2,500 to 10,000 paid \$11.36 per month. . . . The prevailing two-story frame detached house of 5 or 6 rooms, with running water in the kitchen, and electricity, rents for \$20 if favorably located and in good repair, whereas a house of the same description rents for \$10 if located on the 'flats.' . . . Bathrooms are the exception rather than the rule in miners' homes in the anthracite region. Even if a miner had money to rent a house so equipped, he would have difficulty in finding one."¹⁶

¹⁵ Achinstein, A., "The Standard of Living of 400 Families in a Model Housing Project—Amalgamated Housing Corporation," *Report of the New York State Board of Housing for 1930, 1931.*

¹⁶ Nienburg, *Op. cit.*, p. 595-6.

The study of the economic situation of the families of Federal employees receiving not over \$2,500 was conducted in five different cities in the summer of 1928 by the United States Bureau of Labor Statistics. In summarizing the expenditures of these families no separate classification was made of owners and renters and the rental value of owned homes was entered as a housing expense. "Any payment on an owned home above the rental value is considered a saving, and where the payment is below the rental value the difference is considered a deficit."¹⁷ When average family expenses were computed by this method, it was found that average housing expenses varied from 16 per cent of total expenses in New Orleans to 22 per cent in Baltimore. Average size of family was almost exactly the same in the two cities, but average family expenses were higher in Baltimore than New Orleans by \$154. Fifty-nine per cent of the Baltimore families represented in the study owned their own homes, and only 30 per cent of the New Orleans families. No figures are given on the number of full owners and part owners in either city.

The effect of increase in size of family upon expenditures for housing at a given income level is not systematically presented in any recent study. The material available seems to indicate, however, that an increase in size of family is apt to result in a decrease in the percentage of family income spent for housing. When the amounts spent for rent and the total family fund of 301 unskilled wage earners studied by Houghteling in Chicago were classified by size of family, it was found that the family fund tended to increase with increase in size of family and the percentage spent for rent tended to decrease. The percentage declined from 17.1 per cent for a family of three to 12.9 per cent for a family of seven. The average amount spent for rent increased very little until the family size reached nine persons. The lowest average for any group was \$275 for families of three; the average of families of eight was \$287; and for families of nine or more, \$327.

A study of the family economics of the Yale faculty, which was made in 1928, analyzes the housing situation of married faculty members of different rank not owning their homes. The median annual rent paid by instructors and assistant professors with chil-

¹⁷ Bureau of Labor Statistics, "Cost of Living of Federal Employees in Five Cities," *Monthly Labor Review*, August, 1929, Vol. XXIX, p. 322.

dren was \$690 and \$900 respectively, in each case \$30 a year more than that paid by married but childless instructors and assistant professors. The median percentage of total income spent for rent was 21.5 per cent for childless married instructors, 23.5 per cent for married instructors with children, 21.0 per cent for childless married assistant professors, and 19.0 per cent for married assistant professors with children. The median annual rent paid by childless married associate professors was somewhat higher than that paid by associate professors with children, and the median paid by six childless full professors was 50 per cent greater than the median for twelve full professors with children. The median percentages of total income spent by childless married associate professors and full professors were 20.0 and 21.5 per cent respectively, and by associate and full professors with children 16 and 14 per cent respectively.

Preliminary figures from a study of the housing expenditures of salaried workers in downtown Pittsburgh show a definite decline in percentage of income allotted to rent with increases in income, and a distinctly higher percentage going to rent than that found at the same income levels among the wage earners studied by Houghteling in Chicago. No figures are as yet available to show size of family among these Pittsburgh salaried workers, but data from other studies indicate that it is probable that their families are in general smaller than those of the wage-earning group.

A report of the division of expenditures by 400 families in the Amalgamated Housing Corporation shows the percentage of total expenditures allotted to housing by families purchasing homes in cooperative apartments built by the corporation under the 1926 New York State housing law. The economies which this law affords have made possible the construction of apartments that are well built, and that provide for adequate sunlight, ventilation, and playspaces, at a cost that greatly facilitates home ownership for families with incomes of \$2,500 and less. Expenditures included under "housing" among these families declined from 33.1 per cent of the total expenditures of families spending from \$1,000 to \$1,499 to 22.7 per cent for those with total expenditures of from \$2,000 to \$2,499 and to 12.4 per cent of the total expenditures of those spending \$5,000 and more. These housing figures included interest on a mortgage at the rate of 5 per cent, amortization

at the rate of 2 per cent, taxes on land (buildings were tax exempt), and maintenance costs of the apartment house; heat, water, insurance, redecorating, wages and salaries of the apartment house employees. This group of families was able to secure a particularly favorable type of financing because of the assistance rendered them and the corporation by the Amalgamated Bank, the Amalgamated Clothing Workers Credit Union, and the Jewish daily, *Forward*.

Variations in housing conditions in the cities from which figures on family income and housing expenditures are available, added to variations in the method of collecting and presenting data, make it difficult to compare the findings of one report with another; but when each study is considered as a unit, the percentage of the annual expenditure apportioned to housing by renters is found to decrease as the income increases. The trend seems to be the same for home purchasing families, though the findings of two studies can scarcely be considered sufficient basis for a conclusive statement.

In all but one of the studies in which renters and owners were shown separately, the findings indicate that the amount spent for housing by owners exceeded that spent by renters; but in instances where it was possible to deduct payment on principal from current expense, current housing expense of owners was found to be less than that of renters. In only one study, that made by the Heller Committee among street-railway employees in San Francisco, were data presented for homes owned clear and for those carrying mortgages. This study shows families with average annual expenditures of approximately \$2,109 who owned their homes clear spending an average of only \$265 (\$22 per month) for housing; whereas those renting spent an average of \$342 (\$29 per month); and those who were still making payments on their homes \$440 (\$37 per month). The last cited figures included payment on principal.

The analysis of these studies shows that in the wage and low-salaried groups, families with incomes as low as \$1,000 owned their homes, but that home ownership had a tendency to increase as the income increased. Renters predominated in the lower-income groups. Among faculty families, home ownership was not usual until the salary was \$3,000 or over; but, as in the wage

and low-salaried groups, home ownership had a tendency to increase with increased income. Families with average yearly expenditures of \$2,500 or less owned homes ranging in price from about \$3,400 to \$7,000. The average purchase price of the houses owned by the street-railway employees studied in San Francisco was about \$3,400. The average cost of homes purchased by salaried workers with incomes of from \$1,000 to \$2,600, employed in downtown Pittsburgh, ranged from \$4,150 to about \$7,000. Among Yale University faculty families, the relation of the total income to the value of the residence tended to approximate the ratio of 1 to 2.

The studies analyzed show some variation in the items included under "household operation." Expenditures for heat and light, furniture and furnishings, cleaning supplies, laundry, telephone and household service were included in this category in all the studies analyzed. Ice, garbage removal, stationery, postage, music other than music lessons, and "other" were included in certain studies.

Data are not available to show the variation in expenditures for household operation for families at the same income level living in houses of different types but in the same locality, and only limited data are available to show these expenses in houses of different types in different localities. The study of the families housed by the Amalgamated Housing Corporation is the only study in which operating expenses apply to a specific type of residence, in this instance, the cooperatively owned apartment house. The results of this study show little variation in the proportion allotted to house operation by families at different income levels. The range was from 6.7 per cent to 8.1 per cent of family expenditures ranging from \$1,000 to \$5,000 and over. Of the families studied by Zimmerman and by the Heller Committee, the majority lived in detached one-family dwellings. The percentage expended for household operation as shown in these two studies may possibly be considered representative for families with equivalent incomes living in this type of dwelling in cities of 15,000 to 50,000 population in Minnesota, and in San Francisco. The average percentage of the annual expenditure allotted to operation by San Francisco families with average expenditures of \$2,109 was 10 per cent; that for Minnesota families with incomes of from \$2,000 to \$3,000 was 12 per cent.

With the limited data available, it is impossible to arrive at any definite conclusions as to whether home owners or renters expended a larger proportion of their income for household operation. The data presented by Zimmerman for these two groups indicate that expenditures of home owners for these items are larger than those for renters, particularly in the higher-income groups.

Expenditures for "light and fuel" and "furniture and furnishings" make up the major items under "household operation" in the lower-income groups. Expenditures for "service" are an additional important item in the higher-income groups. Because of the difficulty in apportioning to heating, cooking and lighting the amount of fuel used, expenditures for "heat and light" are shown together in most family living studies. Much variation is found in these expenditures in the different studies, since the cost of fuel varies with the section of the country, the type of house, and the type of heating plant. The proportion of annual family expenditure apportioned to "light and fuel" varied from an average of 2.6 per cent among university faculty families in Berkeley, California, with average annual expenditures of \$5,512 to 6.5 per cent for Federal employees living in Boston whose average annual expenditures were \$2,498. San Francisco families with average expenditures of \$2,109 spent 3.6 per cent of it for light and fuel, and New Orleans families with average expenditures of \$2,280 spent 3.8 per cent. Expenditures for "furniture and furnishings" ranged from an average of 2 to 5 per cent of annual expenditures. In all instances where the average annual family expenditure did not exceed \$2,500, the expenditure for furniture and furnishings was less than \$100 a year. This included expenditures for new furniture and furnishings as well as for replacement. The amount spent for household service in the low-income groups was very small. Street-car men's families in San Francisco whose average annual expenditures were approximately \$2,109 spent an average of about \$2 a year or .08 per cent of their total annual expenditures for service, while University of California faculty families spent an average of \$232 or 4.2 per cent of average annual expenditures of \$5,512. The proportion of the income allotted to household service increased with increase in income.

The amount of the annual income apportioned to savings and

investment by wage and salaried workers is low. In some instances the findings indicate that it approximated an average of \$100 a year among families with average annual incomes of about \$2,000, and \$150 a year for families with incomes of from \$2,500 to \$3,000. In general, however, the studies show a deficit for the entire group studied.

The findings of the various studies of urban family living indicate that the proportion of the income allotted to "housing" decreases with increased income, and with increased size of family at a given income level, and varies with the housing facilities and costs in the community in which the family is located, the type of tenure, and the basis on which payments are made if the home is being purchased.

These conclusions must be regarded as tentative, as the studies on which they are based are scattered, and their treatment of housing expenditures varied in method and limited in extent.

Hermann Schwabe, who became director of the newly organized Berlin Statistical Bureau in 1865, published in 1868 *The Relation Between Rent and Income in Berlin*.¹⁸ His monograph was the result of an investigation of the rents paid by city and county employees with salaries less than 1,000 thalers, and by all income taxpayers. In the course of his study he developed the so-called Schwabe's law,—“The poorer one is, the greater the proportion of his income goes to shelter.”

In 1927-28 the Statistisches Reichsamt collected household accounts for one year from 896 wage earners' families, 546 clerks' (Angestellten) families, 498 families of officials (Beamten).¹⁹

In his analysis of the recently gathered German statistics, Dr. Lütge points out that within the wage earners' group, Schwabe's law clearly holds, but that among clerical workers and the officials there are certain irregularities in the percentages of income allotted to housing at different income levels. The difference in the averages for the three occupational groups is very interesting. Average annual earnings of the city wage earners amounted to 3,325 RM, and their average annual expenditures for rent

¹⁸ Guradze, —, and Hermann Schwabe, *Deutsches Statistisches Zentralblatt*, March-April, 1930, Vol. XXII, pp. 39-40.

¹⁹ Germany, Statistisches Reichsamt, “Ergebnisse der Amtlichen Erhebungen von Wirtschaftsrechnungen vom Jahre, 1927-28,” *Wirtschaft und Statistik*, 1929-1930, Vol. IX, pp. 818-24, 902-7, 978-82; Vol. X, pp. 38-43, 78-81, 170-78, 266-71, 310-18.

amounted to 10 per cent of that sum. The clerical workers received on the average 4,712 RM, and they allotted 11.5 per cent of the total to rent, while the officials received on the average 5,349 RM, of which 12 per cent went to rent; a progression exactly the opposite of that stated by Schwabe's law. The differences in the averages for the three occupational groups *within given income groups* are even more striking. In the income group receiving 3,000-3,600 RM, wage earners apportioned on the average 10.2 per cent of the income to rent, clerical workers 11.9 per cent, and officials 12.9 per cent. In the income group next higher (3,600 to 4,300 RM) the proportions are 9.4 per cent, 11.8 per cent, and 12.1 per cent for wage earners, clerical workers, and officials, respectively. Dr. Lütge suggests a law of "socially conditioned housing expenditures," which is reminiscent of Dr. Peixotto's statement about "house proud" academic families in the United States who will sacrifice food and clothing standards in order to have a "presentable" house.²⁰

The comprehensive data in Dr. Lütge's article and in the articles in *Wirtschaft und Statistik* emphasize the shortcomings of the material on the relation of housing expenditures to income, available for the United States.

²⁰ Peixotto, *op. cit.*, p. 127.

CHAPTER IV

LOW-COST HOUSING PROJECTS¹

A few experiments in low-cost housing have been conducted during the past 35 years, and philanthropic, semi-philanthropic and low-cost private enterprises have been demonstrated. Since there are few data on family income, an annual income of \$1,500 or less has been selected for this discussion. This income group, according to recent estimates, would represent a large portion of families.² Houses costing \$3,000 or less, and rent at \$35 per month or under have been considered a low-cost housing basis for this summary.

Cost Reduction

Efforts have been made to reduce the cost of adequate shelter through the following methods: (1) Reduction of the cost of the actual house; (2) certain forms of public aid; (3) the erection of new houses which comply with such standards that, when old, still will provide houses of acceptable standards for low-income families.

Experimentation and many suggestions have been made for reducing house costs. This reduction, however, has not yet lowered costs to such a level that the poorest families can buy new homes. The most outstanding of these experiments and suggestions, some of which have not been sufficiently tried out to determine their importance as factors in cost reduction, are as follows: Cheaper financing, mass production, standardization of building materials, more factory-made parts, use of new building materials and better use of old ones, elimination of waste in construction processes—both in uses of materials and labor, less expensive equipment, reduction of the cost of advertising in selling building materials and equipment, and the reduction of the speculative element in the cost of land.

Although the use of various forms of public aid in order to provide homes for low-income families has been commonly used in

¹ Prepared by Blanche Halbert, a member of the committee.

² See "Slums, Large-Scale Housing and Decentralization," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. III, Ch. II.

many European countries, it has not appeared to be practicable here in America. Tax-exemption legislation, however, has been in use to some small extent in order to encourage more building for low-income groups.

The erection of new houses to comply with such standards that when old they still will provide comfortable and conveniently arranged homes for low-income families warrants careful consideration. Used houses, if well built and designed so that maintenance costs and remodeling costs may be reduced to a minimum, should provide good homes.

Low-Cost Housing Enterprises

The purpose of this study is to describe, briefly, low-cost housing projects which already have been demonstrated.

Developments have been selected which represent costs suitable for families of a \$1,500 income. Those enterprises with houses and apartments costing not more than \$3,000 or renting for not more than \$35 a month have been included. Consideration as far as possible has been given to housing that represents satisfactory layout and such construction that a minimum of expenditure in upkeep may be expected.

Many of the housing developments which are described have been erected by limited dividend corporations working with funds sufficiently large to permit cost reduction by providing low-cost money and cash discount on materials. Other saving also has been possible through large-scale operations. Many of the developments are tax exempt. In addition, information has been gathered on a few typical cities which have examples of low-cost housing developments.

New York City. Some of the smaller apartments in the following housing developments are sufficiently low in cost or in rental for the family with a \$1,500 income.

The Amalgamated Housing Corporation and Amalgamated Dwellings. This, perhaps, is one of the most outstanding developments under the New York State housing law. This corporation completed one project in 1927 and a second in 1929. The buildings house 511 families. The apartments range in size from 2 to 7 rooms, and approximately 130 apartments, or less than one-third of the apartments in these two projects rent for \$35 or less per month. The average rental in the two buildings is \$11 per room per month. Only 47 per cent of the ground is covered by the buildings; the remainder is used for playspace and lawns. Although the first project is a

five-story walk-up type, the apartments themselves are equipped with necessary conveniences.

A third project by this company was completed in 1930 in the congested area of the Lower East Side. This is a six-story brick building with 231 apartments—all with necessary conveniences for comfortable living. These apartments have been purchased by tenants on the cooperative plan. The Amalgamated Bank has assisted with necessary funds since many of the tenants cannot afford to buy stock outright. The loans are to be amortized over a period of 10 years.

Low rental is possible for these projects because of a savings in the land purchase, savings in building operations, cash payments and savings in financing and construction, savings in building on a large scale, and also because of the exemption from taxation which is provided under the limited dividend housing law of New York enacted in 1926. The actual savings to the corporation by this exemption has been estimated to approximate \$2.11 per room per month.

Brooklyn Garden Apartments. The first of the Brooklyn Garden Apartment developments completed in 1929, was a five-story, brick, walk-up structure. It includes 164 apartments of 3, 4 and 5 rooms with bath. The average rental per room is \$10.50. A few of the smaller apartments rent for \$32.50 per month; the larger and more desirable ones, however, rent as high as \$56.50.

In 1930, a second project providing for 111 families was completed. The average rent per room per month is the same as in the first project.

The Farband Housing Corporation. The buildings erected by this corporation in 1928 are six-story buildings with elevators. The project provides for 128 families. The actual rentals are \$9.63 per room per month, which is below the maximum provided by the New York law. Over half the apartments rent for less than \$35 per month. This development is sponsored by the Jewish National Workers Alliance of America. The dwellings also are tax exempt.

Stanton Homes Corporation. Another smaller tax-exempt development of 44 apartments which was completed in 1930 is that of the Stanton Homes Corporation which provides for many conveniences including electric refrigeration, elevator service and gas ranges. Nine of the 44 apartments rent for \$33 or less per month.

The Academy Housing Corporation and the Manhattan Housing Corporation. Two new projects are now in process in New York by The Academy Housing Corporation and the Manhattan Housing Corporation. The Academy—a two million dollar development—is the largest single housing project undertaken under the law. Four hundred and seventy-four families are provided for at rentals averaging \$11 per room per month.

The Manhattan is a smaller project with an average rental per room per month of \$12.50.

All of the above mentioned projects are of multi-family dwelling type and are tax exempt. These developments are located in urban areas where costs are high and only a small number of the

apartments rent for \$35 per month or less. Many of these are too small to accommodate families of moderate size.

Other projects which are noteworthy are the projects of the Metropolitan Life Insurance Company, the Paul Laurence Dunbar Apartments sponsored by Mr. John D. Rockefeller, Jr., those of the Lavanburg Foundation and the Phipps houses.

Cincinnati, Ohio. *The Jacob B. Schmidlapp Enterprise.*

Although this project was developed some time ago, it is a worth while demonstration of low-cost housing. Up to the year 1918, 102 buildings housing 402 families had been built. Thirty-four of these are single-family dwellings of the row house type, 42 semi-detached with four families in each, 8 semi-detached with two families in each, and 18 multi-family dwellings. The construction is all brick with concrete foundation. All houses have cellars and are equipped with hot and cold water. This is a 5 per cent limited dividend development. In 1931, the rent per room per month was \$5.36.

Questionnaires were sent to a few cities in order to determine, where possible, the extent of low-cost housing developments.

Philadelphia, Pennsylvania. The Managing Director of the Philadelphia Housing Association reports that the cheapest low-cost houses in Philadelphia built in any considerable number during the past 5 years were marketed at \$3,990. Many remodeling projects, however, are in process.

In Philadelphia is also the well-known Octavia Hill Association which is over 35 years old. During the past few years, its activity has been along the lines of improvement rather than that of erection of new dwellings. During 1928 the Association purchased and completely renovated a row of 11 houses in a residential district. These rented at \$35 and \$45 per month. Some were sold to individual owners. In 1928 the Association's projects accommodated 503 families. These dwellings included those both owned and managed by the Association.

Nashville, Tennessee. Information reported by the Chamber of Commerce indicates that approximately 1,600 houses have been built during the past 5 years in Nashville to sell for less than \$3,000. The majority are 4-room frame houses, and they rent for approximately \$25 per month. They are of the post foundation type, and are without furnaces. The same house, with furnace, is reported to rent for \$35 per month. An old house in this group would rent for but \$18.

Cleveland, Ohio. The Cleveland Chamber of Commerce states

that no new houses have been built within the past 5 years to sell at a cost of less than \$3,000 for the house and lot or to rent for less than \$300 a year.

Effort has been made, however, to remodel and recondition old houses for low-income groups by mortgage companies, banks and trust companies, and building and loan associations. The Associated Charities, which moves its tenants when houses are unfit for habitation, believes this method to be effective in maintaining housing standards. In 1930 the Association set a minimum standard for repair and sanitation.

Birmingham, Alabama. The Jemison Companies (real estate and investment bankers) report that industrial activities and mining operations are located outside of centers of population where land is plentiful and cheap. This makes it possible to provide detached, inexpensive frame dwellings with a liberal allocation of land.

The type of house built for the purpose of renting to unskilled labor, white or colored, is usually a 3-room detached house, or a semi-detached house with 2 or 3 rooms per family, of frame construction, and on lots ranging from 25 by 100 to 140 feet for the single house, to 50 by 100 to 140 feet for the semi-detached house. These houses range in cost from about \$500 for the 3-room detached house to \$800 for the 4-room semi-detached, and \$1,000 for the 6-room semi-detached house, with about \$150 additional where baths and inside toilets are provided.

Rents in these houses range at present between \$10 and \$16 per house for the 4-room dwellings and between \$12 and \$24 for those of 6 rooms. The ground values range from \$150 to \$500 per unit, depending upon location, proximity to urban centers, trolley lines, etc.

Richmond, Virginia. During the past 5 years, more than 300 houses have been built for both white and colored families, costing \$3,000 or less excluding the cost of the lot. Nearly all of these are of frame construction and many have modern equipment. Over 50 of the 274 houses built for white families and more than two-thirds of the 62 built for Negro families cost less than \$2,000 excluding the cost of the lot.

Jackson, Mississippi. The Mississippi State Board of Development reports that during the last 5 years approximately 990 houses have been built at an average cost of \$1,480 each. Most of these are one-story frame dwellings, but a number are of brick veneer construction and cost about \$3,000.

Other Low-Cost Housing

A large mail-order company has a combined financing, planning and construction plan under which the owner of a lot may borrow as much as 75 per cent of the combined value of the house and lot. The company then builds the home for him, either from the owner's plans or from plans furnished by the company. The owner is permitted to pay off the loan in monthly instalments over a period of 15 years with interest at 6 per cent. The most inexpensive houses are 4-room frame houses, which can be erected for as low as \$3,000 in certain sections of the country.

Inexpensive new homes also are provided by portable-house companies which manufacture and ship ready-cut houses. The cost of these varies somewhat, depending upon the cost of labor for erection.

United States Department of Commerce Survey

The Division of Building and Housing of the United States Department of Commerce has completed a survey of 145 houses. Of this number only the 6 houses described below were reported in 1929 as selling at \$3,000 or less.

Dallas, Texas. One-story, bungalow type, detached, 2½ rooms and bath, no cellar, frame construction, at \$1,950 with lot.

Chester, Pennsylvania. One-story, row house, 5 rooms and bath, cellar, brick wall, slag roof, no heating plant, at \$1,600 with lot; two-story row house, 6 rooms and bath, brick, hot-air heating, at \$2,185 with lot; two-story, 6 rooms and bath, row house, brick, with hot-air heating, at \$2,750 with lot.

Philadelphia, Pennsylvania. Two-story, 6 rooms and bath, brick, slag roof, hot-air heating, at \$2,200 with lot.

Seattle, Washington. One-story, bungalow type, detached, 4 rooms and bath, no cellar, frame construction, at \$2,750 with lot.

Better Homes in America Demonstrations

Each year, Better Homes in America demonstrates hundreds of low-cost houses—both new and remodeled. In 1930 the average cost of the 3-room houses demonstrated was \$1,885; 4-room houses, \$2,424; and 5 rooms, \$2,818. These houses are located in all sections of the country and include many old houses, which obviously accounts for the low average cost. The cost of the land is not included. Of the 682 houses demonstrated in the 1930 campaign, nearly a hundred cost \$1,500 or less. In the State of Arkansas, 144 houses, new and old, were demonstrated.

Of the 93 of those reporting costs, nearly 20 per cent were valued at \$3,000 or less.

During the Better Homes campaign of each year, extensive projects are carried on in the remodeling and renovating of houses. Homes unfit for habitation are converted into sanitary and comfortable dwellings. Hundreds of these remodeling projects are houses valued at less than \$800. Most of these dwellings, however, are located in the southern section of the country, where building is less expensive than in other sections. In 1930, nearly 4,000 houses were demonstrated in "Better Homes Tours," and most of these represented reconditioning projects.

Conclusion

The samples of low-cost housing developments and projects described in this discussion indicate that some houses and apartments have been built, particularly in connection with large-scale developments, within the reach of a family with a \$1,500 annual income. It must be kept in mind, also, that the \$1,500 income in small communities is equivalent in purchasing power to a much higher income in cities. The majority of dwellings, however, in many of these large-scale developments, although tax exempt, rent for more than \$35 per month, and this amount, in many instances, rents but a 3-room apartment. Little information has been obtained through the questionnaire which was sent to cities, on the type and standard of house that may be purchased or rented at the cost specified. Low-cost housing should not be interpreted as "cheap" housing, and no dwelling should be erected below the minimum standard level for these low-income families.

The summary of low-cost housing developments seems to indicate that, although a few projects in low-cost housing are satisfactory, the majority of families receiving below \$1,500 annually cannot, at present costs, afford new houses representing acceptable standards, but doubtless will be more satisfactorily housed in used dwellings. These should represent commendable architectural design and construction, and should be in good repair.

CHAPTER V

THE BUFFALO HOME OWNERSHIP STUDY^{1,2}

I. Introductory

The primary research project of the Committee on Relationship of Income and the Home is a study of housing costs and allied information on home ownership conditions of 789 native born families having an income of \$3,000 or less in 1930, and living in the City of Buffalo, New York.

The results of this study are offered, not as representative of the country as a whole, but as a fairly intimate picture of conditions affecting a certain type of family within a large urban community.

As a setting for the report, some of the salient external facts concerning Buffalo are presented: The city has a population of some 575,000. The metropolitan area increases this to about 725,000. Buffalo has a relatively large foreign born population, made up largely of Poles, Italians, Germans and natives of eastern European countries. The advantages of the Niagara Frontier Area, such as abundance of raw materials, power, water, rail and air transportation facilities, proximity to the greatest markets, and climate, have combined to make it one of the most highly developed and most diversified industrial centers in the country.

The Conditions of Sampling

A decision to limit the sample to not more than 800 families was made primarily from the standpoint of available time, funds and personnel.

The families selected for study were chosen to insure a high degree of homogeneity in the data, and to illustrate, as well as pos-

¹ Prepared under the direction of Professor M. A. Brumbaugh, Vice Chairman and Secretary of the committee, with the technical assistance of Mr. William M. Haenszel.

² Copies of the schedules used by field enumerators together with detailed instructions to the collecting agents, the coding card used for the electric tabulating machines, a discussion of methods used in choosing the field force and editing the schedules have been retained and may be obtained from the Division of Building and Housing, U. S. Bureau of Standards, by persons interested in conducting similar studies. The original schedules and machine tabulating cards together with the copies of certain tables made during the course of the analysis, but not published, are also on file at the division.

sible, the problems of parents who, at the time that they are engaged in rearing children, have also undertaken to own the homes in which they live, and are still in the process of paying for them. Each family included met the following conditions, with slight exceptions:

1. Total income not exceeding \$3,000 in 1930.
2. Family composed of husband and wife and at least one dependent child.
3. Both parents born in the United States.
4. Ownership of home, and still in process of paying for it in 1930.
5. Not more than two roomers or boarders.
6. Living in a one- or two-family dwelling.
7. No doubling up with one or more other families in quarters clearly intended for one family.

Obviously, all families renting their homes, or living in apartments, were excluded.

Although the conditions were adhered to as strictly as possible throughout the collection of data, a few cases which were violations in one respect or another, but which met nearly all of the conditions, were included as indicated in the tables in the body of the report.

There are, in round numbers, 160,000 families in the metropolitan area covered in this study. Only a small percentage, probably not more than 3 to 5 per cent, of these would meet the conditions of sampling as set forth.

II. Description³

Description of the Property

A recent Buffalo Post Office survey showed 57 per cent of Buffalo houses are one-family and 43 per cent are two-family houses. The principal results of this study, including single houses, two-family houses and number of apartments in apartment houses, are set forth in Table I.

In the present study only 789 families were investigated, making a small sample of the entire group. Table I shows that 82 per cent of the 789 houses were single-family and 18 per cent were two-family houses, either duplicate flats or of the income

³ This section of the report is intended to be primarily factual. The tables which are presented were taken directly from the machine cards by simple runs. The complex tabulations have been reserved for the section of the report devoted to analysis. No computations beyond reducing the absolute figures to percentages and a few averages have been included.

Table I. One- and Two-Family Houses and Apartments * in Buffalo.

Type of house	Post Office and Real Estate Board survey (October, 1930)			Buffalo home ownership study	
	Number of houses	Number of apartments	Percentage of apartments	Number of houses	Percentage of houses
Single	57,655	57,655	36	649	82
Two-family . . .	42,703	85,406	53	119	15
Income† . . . . .	.....	.....	..	20	3
Three-family . .	.....	.....	..	1	..
Multi-family . .	.....	18,308	11	...	..
TOTAL	100,358	161,369	100	789	100

* Apartment includes any space occupied by one family.

† See footnote 4, below.

type.⁴ The variation of this collection from the city as a whole arises, no doubt, from the fact that owners of two-family houses commonly rent both flats, plus the fact that two-family houses have frequently had to be repossessed by the mortgagee and the fact that in some sections of the city and with certain classes of tenants the two-family house is not considered to be a success.

No semi-detached houses were encountered in the course of this study. Row houses and so-called semi-detached houses are not common in Buffalo. There is instead, a tendency to build two-family houses, where one family lives above the other, and small apartments.

Of the 789 houses included in the study, 786 were of frame, 1 was of brick veneer and 2 were stucco with frame backing. This ratio of frame construction probably would not apply to all of the houses in the city. The higher-priced houses are commonly stone or brick.

Although there are included in this study properties bought in 1890 and in almost every year since that time, only small variations in frontage of lot appear. Ninety-four per cent of the 789 lots included in the study are between 28 feet and 42 feet in

⁴ An income house is defined as any dwelling in which the upper story is smaller in size than the lower, has no separate entrance hall and receives at least heat in common with the lower apartment.

Table II. Frontage of Lots.
(789 Buffalo Properties.)

Lot front* (feet)	Number of properties	Percentage of properties	Cumulative percentage of properties
18-22.....	4	1	1
23-27.....	9	1	2
28-32.....	293	37	39
33-37.....	337	43	82
38-42.....	112	14	96
43-47.....	20	2	98
48-52.....	6	1	99
53-57.....	2	1	100
58-62.....	2		
63-83.....	3		
Unknown.....	1		
TOTAL.....	789	100	

* In five-foot intervals.

width, as may be seen in Table II. The 38- to 42-foot lots have space for the house, a passageway to the garage on one side and a few feet of grass plot on the other. The 33- to 37-foot lots retain the passageway to the garage but commonly omit the grass plot. The 28- to 32-foot lots are commonly arranged as are the wider lots above but the houses are of the 18-foot or 22-foot front variety.

The 789 families included in the study possess 574 garages with accommodations for 924 automobiles. (Table III.) However, over one-fourth of the houses have no garage, and the 2-car garage is more common than the single-car. The breakdown shows that, although 68 per cent of the double houses have 2-car garages as against 30 per cent for the single houses, nevertheless the 2-car garage is surprisingly prevalent with single houses. The figures are: No garage, 188; 1-car garage, 243; 2-car garage, 197. The absence of a garage is no evidence that the family is without a car, since garages may be rented readily at a cost of \$5.00 to \$8.00 per month. Many families, in purchasing a home, plan definitely upon additional incomes from the renting of garage space for one or more cars.

Of the 789 houses included in this study, 772, or 97 per cent, have a cellar; 429 of these, or 54 per cent, have an unfinished attic; 220, or 28 per cent, have a finished attic; and 123, or 15 per

Table III. Garages Attached to Properties.
(789 Buffalo Properties.)

Type of garage	Number of houses according to garage accommodations		Percentage of houses according to garage accommodations	
	Single houses	Double houses	Single houses	Double houses
None.....	188	27	29	19
1-car.....	243	12	38	9
2-car.....	197	96	30	68
3-car.....	18	5	3	4
4-car.....	..	1	..	..
5-car.....	2	..	..	..
TOTAL..	648	141	100	100

cent, have no attic. Of the remaining 3 per cent having no cellars, 7 had an unfinished attic, 4 a finished attic and 6 no attic.

The size of house as indicated by number of rooms⁵ occupied by the family which this report covers, is shown in Table IV. Six-, 7-, and 8-room houses make up 83 per cent of the total. A high degree of uniformity exists in the allotment of rooms in the 6-, 7-, and 8-room houses.

Table IV. Number of Rooms in Houses.
(789 Buffalo Properties.)

Number of rooms	Number of houses	Percentage of houses	Cumulative percentage of houses
3.....	1	..	...
4.....	6	1	1
5.....	61	8	9
6.....	272	34	43
7.....	237	30	73
8.....	152	19	92
9.....	47	6	98
10.....	6	1	99
11.....	7	1	100
TOTAL.....	789	100	

⁵ In all sections of this report the following have been counted as rooms: Library, living-room, den, playroom, sewing-room, dining-room, kitchen, laundry-room (not in cellar), reception hall (does not include area between two entrance doors), glass enclosed porches, and bedroom.

Table V. Number of Bedrooms and Bathrooms in Houses.
(789 Buffalo Properties.)

Number of bedrooms and baths	Number of houses	Percentage of houses
2 bedrooms—1 bath.....	172	22
3 bedrooms—1 bath.....	528	67
4 bedrooms—1 bath.....	72	9
5 bedrooms—1 bath.....	9	1
2 bedrooms—2 baths.....	1	1
3 bedrooms—2 baths.....	1	
4 bedrooms—2 baths.....	2	
5 bedrooms—2 baths.....	1	
6 bedrooms—2 baths.....	3	
TOTAL.....	789	100

Table V shows the number of bedrooms and bathrooms found in the houses investigated in the study. Two-thirds of the houses have three bedrooms and one bathroom. There is no house covered by the study without a bathroom. Eight of the houses contain two bathrooms.

History and Cost of the Property

The houses bought by the group studied are not old, as is shown by Table VI. Seventy-one per cent of these houses have been built since 1921, while only 2 per cent date back to the years before

Table VI. Year of Construction of Houses Owned.
(789 Buffalo Properties.)

Year built	Houses		Year built	Houses		Year built	Houses	
	Number	Per cent		Number	Per cent		Number	Per cent
Prior to 1901	16	2	1911	8	1	1922	42	5
1901	2	..	1912	7	1	1923	113	14
1902	0	..	1913	12	2	1924	103	13
1903	1	..	1914	13	2	1925	75	10
1904	2	..	1915	11	1	1926	70	9
1905	5	1	1916	14	2	1927	62	8
1906	4	1	1917	10	1	1928	59	8
1907	0	..	1918	17	2	1929	30	4
1908	3	..	1919	23	3	1930	2	..
1909	3	..	1920	19	2	Unknown	26	3
1910	7	1	1921	30	4			
TOTAL...							789	100

1901. These home owners quite clearly bought houses built during the building boom which started in 1921, and reached a peak in 1923-4. The number of home purchasers has declined since 1924, and since that time there has been a gradual recession from the high point of activity reached by the building trade.

* As to the prices paid by the present owners, a tabulation has been made of all the 789 houses covered in this survey, and also a separate tabulation of the 603 houses purchased in 1922 or later. These are shown in Table VII, both single houses and two-family houses being included in each tabulation.

In the first group comprising all of the houses, the modal price of single houses was between \$5,000 and \$7,000. The arithmetic average price was \$6,131. The modal price for two-family houses was between \$9,000 and \$10,000. The arithmetic average price was \$8,530. There is greater price concentration in single houses than in two-family houses. This fact is quite evident in Chart I. The frequency curve representing two-family houses is almost bimodal, one mode falling in the \$9,000 to \$10,000 class and the other between \$4,000 and \$6,000. This accounts for the fact that the average price falls below the modal price.

The lack of concentration in the price of two-family houses referred to in the last paragraph calls for further investigation. The natural surmise is that the low-priced houses were purchased before the war when prices were at lower levels and land values were materially lower. To test the validity of this assumption, a separate tabulation was made of the purchase price of properties bought by the present owner in 1922 or later. Within this period 71 per cent of the properties were purchased by the present owners. Likewise, it is a period of relatively stable economic conditions with no radical upheavals or violent price fluctuations. The distribution shows quite clearly that the bimodal distribution of the price of two-family houses as found on Chart I was caused mainly by the properties purchased prior to 1922. Eighty per cent of the single houses in the study were purchased since 1922, while only 61 per cent of the two-family houses were purchased since that time.

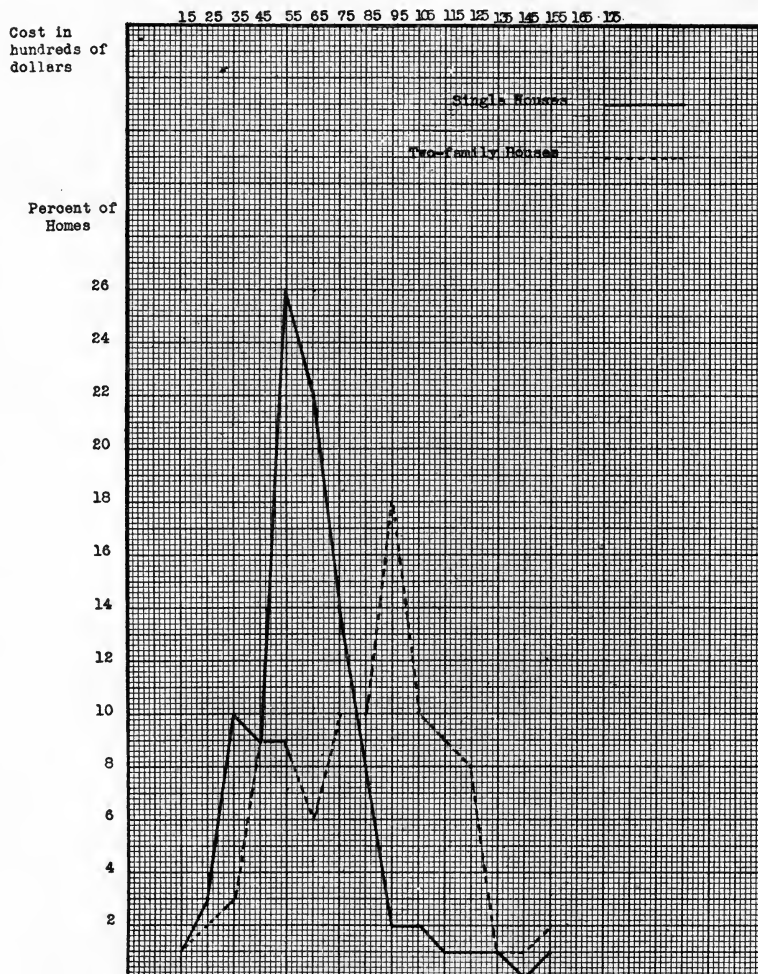
III. Financing the Property

In studying the cost of the property to the owner, a great deal depends upon the interest rate paid on the mortgages and whether

Table VII. Total Cost of Houses to Present Owners.

Total cost	All houses—789 properties				Houses purchased in 1922 or later—603 properties			
	Single houses		Two-family houses		Single houses		Two-family houses	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
\$1,000-\$1,999.....	4	1	1	1	10	2	1	1
2,000-2,999.....	22	3	3	2	25	5	2	2
3,000-3,999.....	63	10	4	3	31	6	6	7
4,000-4,999.....	59	9	12	9	150	29	4	5
5,000-5,999.....	172	26	12	6	130	25	6	7
6,000-6,999.....	141	22	8	10	84	16	6	12
7,000-7,999.....	88	14	14	10	50	10	10	21
8,000-8,999.....	52	8	15	18	16	3	18	16
9,000-9,999.....	16	2	25	10	6	2	14	12
10,000-10,999.....	11	2	14	9	6	1	10	17
11,000-11,999.....	7	1	12	12	6	1	15	..
12,000-15,999.....	7	1	18	1	..	..	..	100
Unknown.....	7	1	2	1	..	..	..	..
TOTAL.....	649	100	140	100	517	100	86	100

Chart I
Cost of Single Houses and Two-Family Houses Owned.
 (789 Buffalo Properties.)



or not payments are being made on the principal of the mortgages. Nearly all of the mortgages on properties included in this study carry a 6 per cent nominal interest rate. There are some agencies now writing mortgages at 5 per cent and $5\frac{1}{2}$ per cent but they are decidedly in the minority. A few cases were found of odd nominal rates but they were negligible. With so little variation in the nominal rates paid, this factor becomes unimportant compared to other charges on the mortgages. These charges frequently operate to make the effective rate considerably higher than the stipulated or nominal rate. The most important of these additional charges are the premium paid for the placing of a mortgage at the time of purchasing the property, and the renewal charges which must be met on mortgages which are written for only a few years. In some instances, the mortgages have had to be refinanced a few years after the house was purchased, a procedure which may involve substantial costs to the home owner. Then there is a variation according to whether the periodic payments made on the principal of the mortgage are used to reduce the principal or go into a sinking fund leaving the interest charges constant until the sinking fund is large enough to cancel the mortgage. There is a direct relation between these additional charges and the type of financing agency holding the mortgage.⁶

In Table VIII is given a separation of the 789 cases according to whether or not periodic payments are being made on the principal of the mortgages. The most common practice is to have the second mortgage amortized⁷ and the first not amortized. The next largest percentage occurs in those cases in which the first mortgage is not amortized and there is no second. These cases are in reality not much different. The latter are, for the most part, cases in which the second mortgage has already been cancelled by the process which is still in progress in the former case. The first mortgage is being amortized in only 16 per cent of the cases.

⁶ For renewal charges of different financing agencies see Table XXX.

⁷ The word amortized is used in an extended sense to include all cases in which regular periodic payments are made to the mortgagee for the purpose of eventually retiring the mortgage. This is, of course, a somewhat loose use of the word since it includes the cases in which the periodic payments are used to build up a sinking fund which will accumulate to the face of the mortgage at the end of a certain time, as well as the cases in which the periodic payments are used to reduce the face of the mortgage. The latter is the correct sense.

Table IX provides an answer to a very vital question in this study, namely, who holds the mortgages on these properties. The

Table VIII. Amortization of Mortgages.
(789 Buffalo Properties.)

Mortgage conditions	Number of properties	Percentage of properties
First not amortized, second not amortized...	90	11
First not amortized, second amortized.....	331	42
First amortized, second amortized.....	27	3
First amortized, second not amortized.....	9	1
First amortized, no second.....	97	12
First not amortized, no second.....	225	29
No first mortgage.....	5	1
Unknown.....	5	1
TOTAL.....	789	100

first mortgages and second mortgages have been tabulated separately because they usually are not held by the same type of agency. Forty-one per cent of the homes either have the second mortgage paid off or never had any. Of 444 second mortgages standing,

Table IX. First and Second Mortgages—Holdings according to Types of Agency.
(789 Buffalo Properties.)

Agency holding mortgage	First mortgage		Second mortgage	
	Number of properties	Percentage of properties	Number of properties	Percentage of properties
Private individual.....	295	37	397	50
Savings bank.....	204	26	3	0.3
Commercial bank.....	30	4	6	1
Savings and loan association	56	7	11	1
Finance company.....	104	13	22	3
Insurance company.....	73	9	0	..
Other.....	0	..	5	0.7
No mortgage.....	5	1	324	41
Unknown.....	22	3	21	3
TOTAL.....	789	100	789	100

Table X. Life of First and Second Mortgages.
(789 Buffalo Properties.)

Number of years for which written	First mortgage		Second mortgage	
	Number of properties	Percentage of properties	Number of properties	Percentage of properties
1.....	43	5	11	2
2.....	40	5	2	1
3.....	104	13	40	9
4.....	5	1	16	3
5.....	60	8	45	10
6.....	8	1	18	4
7.....	11	1	30	6
8.....	18	2	35	8
9.....	3	1	12	3
10 and over.....	123	16	174	37
Unknown.....	151	19	53	11
Indefinite (unlimited)...	223*	28	29*	6
TOTAL.....	789	100	465	100

* This number is too large, due to the fact that many home owners insisted that their mortgages were indefinite, whereas the agents interviewing them were certain that they were 1-year mortgages with customary automatic renewal.

only 42 were held by agencies other than private individuals. In this connection, savings banks and insurance companies do not carry second mortgages in New York State and savings and loan associations do so only under special conditions.

No single agency holds any marked supremacy in the first mortgage field. The small percentage of mortgages held by savings and loan associations is worth noting. Savings and loan associations in Buffalo lend mainly on first mortgage security, and usually on an amortization basis. But only 16 per cent of the first mortgages on the 789 properties of this study are being amortized. The group studied here, therefore, cannot be taken as representative of the main field of savings and loan associations. The importance in this field of savings banks arises partly from the fact that many savings banks in central and western New York have invested heavily in Buffalo real estate mortgages.

Table X, showing the number of years for which mortgages are written, is not susceptible of accurate interpretation because

of the large unknown class, and the fact that in many instances the householder insisted that the mortgage was written for an indefinite period, whereas the agent interviewing the householder felt satisfied that it was a short-term mortgage on which the holder had never been required to request a renewal. The net effect of this practice is, of course, to make of it an indefinite mortgage, but the fact remains that the holder may call for a renewal or a discharge at any time at his option.

The most important fact in this table concerns the short-term mortgage. Twenty-three per cent of the first mortgages were written for 3 years or less. These short-term mortgages have given rise to practices which are frequently inimical to the best interests of the purchaser, and are not easily justifiable from the standpoint of the lender. The complaints made by householders to the interviewing agents frequently concerned the difficulties arising from attempts to renew short-term mortgages. It is not uncommon for lending agencies to charge as high as 6 per cent every 3 years for the renewal of mortgages. This is an added burden on the house owner, is usually unanticipated and invariably leads to bitterness between the lender and borrower.

A few houses included in the study carried three mortgages at the time of purchase. These third mortgages were small in amount and existed only on 9 properties, 777 never having had them, and the facts being unknown in three instances. Of the 9 mentioned, 8 were alive at the time of this study and only 1 of these was not amortized. In most cases these mortgages were only nominal mortgages held by a relative.

IV. Occupation, Earnings and Composition of the Family Which Owns the Property

The chief emphasis in this section of the report is on annual income of the principal breadwinner and of the entire family. Incidental to this, facts on age, occupation, employment and family composition have been gathered for 1930 as well as for the year prior to purchase of the home. All of these things are necessary as a means of obtaining a somewhat detailed picture of the conditions in the homes which we are studying.

Table XI provides an answer to the question as to the age at which home purchase is undertaken. The most common age of the principal breadwinner is twenty-eight to thirty-two, but the

Table XI. Age of Principal Breadwinner—Year Prior to Purchase of Home and in 1930.

(789 Buffalo Families.)

Age	Breadwinners, year prior to purchase of home		Breadwinners, 1930	
	Number	Per cent	Number	Per cent
18-22.....	15	2	10	1
23-27.....	95	12	83	10
28-32.....	210	27	184	23
33-37.....	178	22	168	21
38-42.....	119	15	137	17
43-47.....	66	8	72	9
48-52.....	49	6	58	8
53-57.....	28	4	30	4
58-62.....	12	2	18	2
63-67.....	3	..	7	1
68-72.....	1	..	2	1
73-77.....	1	..	1	1
78-82.....	...	..	14	2
Dead.....	...	..	5	1
Unknown.....	12	2		
TOTAL.....	789	100	789	100

next two age classes are quite well represented. The arithmetic average age of thirty-six years is well above the mode. The ungrouped records show that 22 per cent purchase homes before they reach thirty years of age, 47 per cent between the ages of thirty and forty, and 31 per cent after they pass forty. The average age of these breadwinners in 1930 was forty-two years, as compared with thirty-six years in the year prior to purchase, showing that on the average the properties included in this study have been in the hands of the present owner for 6 years.

The occupation of the principal breadwinner during the year prior to home purchase and during 1930 for the 789 families of the study is presented in Table XII. For the group as a whole, there have been only negligible shifts in occupation between the year prior to home purchase and 1930. This result coincides strictly with what would be expected in the entire employed population. The relative importance of different occupational groups should change over long periods only. The table shows that the home owners were found most frequently among skilled laborers

Table XII. Occupation of Principal Breadwinner—Year Prior to Purchase and During 1930.

(789 Buffalo Families.)

Occupation*	Breadwinners, year prior to purchase of home		Breadwinners, 1930	
	Number	Per cent	Number	Per cent
Public jobs.....	45	6	48	6
Professional.....	27	3	28	3
Proprietary.....	79	10	76	10
Clerical.....	118	15	110	14
Skilled.....	380	48	361	46
Semi-skilled.....	70	9	73	9
Unskilled.....	55	7	55	7
Unemployed.....	4\	1	7	1
Incapacitated or dead...	4\	1	31	4
Unknown.....	7	1	..	..
TOTAL.....	789	100	789	100

* The classification of occupations used in this study is essentially that presented by Sydenstricker, Edgar, and Notestein, Frank W., in "Differential Fertility According to Social Class," *Journal of the American Statistical Association*, March, 1930, pp. 9-32.

and that more semi-skilled than unskilled workers own their homes. The so-called mental workers, professional, proprietary and clerical make up about one-fourth of the total.

Partly as a guide to the amount of abnormality existing in the 1930 data, the number of weeks employed during the year prior to purchase of a home and number of weeks employed during 1930 were obtained for the principal breadwinner of each family, and are presented in Table XIII and Chart II.

During the year prior to purchase of the home 90 per cent of the breadwinners were employed 40 weeks or more and 81 per cent were employed full time. Contrasted with this, in 1930 only 75 per cent were employed 40 weeks or more and only 64 per cent were employed full time. In 1930, 16 per cent were employed half time or less, while during the year prior to purchase of the home only 2 per cent fell in this class. When the principal breadwinner was employed part time for the entire year he was considered as fully employed. As a result, the figures tend to under-

Chart II

Number of Weeks Principal Breadwinner Was Employed—
Year Prior to Purchase of Home and 1930.

(789 Buffalo Families.)

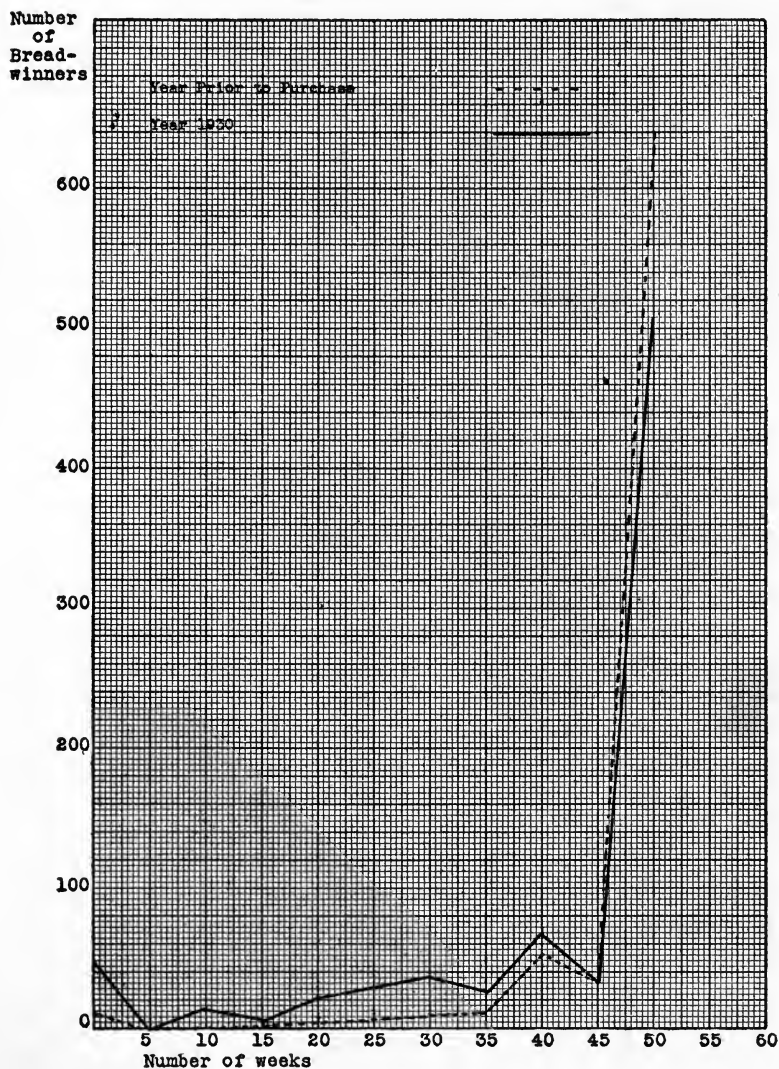


Table XIII. Number of Weeks of Employment of Principal Breadwinner—Year Prior to Home Purchase and in 1930.

(789 Buffalo Families.)

Number of weeks employed	Breadwinners, year prior to purchase of home		Breadwinners, 1930	
	Number	Per cent	Number	Per cent
0-7.....	10	1	47	6
8-12.....	..	..	13	2
13-17.....	2	..	6	1
18-22.....	4	1	22	3
23-27.....	5		29	4
28-32.....	10	1	37	4
33-37.....	12	2	27	3
38-42.....	53	7	68	9
43-47.....	33	4	32	4
48-52.....	640	81	507	64
Unknown.....	20	3	1	..
TOTAL.....	789	100	789	100

estimate the amount of unemployment. Of the breadwinners who were totally unemployed, several were physically incapacitated by accident and were receiving compensation.

Table XIV is a simple tabulation of the earnings of the principal breadwinner during the year prior to purchase of the home and during 1930. Since a few of these homes were purchased as early as 1900 and many of them were purchased more than 10 years ago, the figures on earnings during the year prior to home purchase are necessarily partly estimated. Particular care was taken to reconcile, by further investigation, any cases in which the reported earnings were inconsistent with the occupation or with the general wage scale prevailing at the time the home was purchased.

The arithmetic average earnings at the time of home purchase, excluding the 9 unknown cases, were \$2,057, while the 1930 average earnings were \$1,902. The median earnings for these 2 years were respectively \$2,000 and \$1,970; while the modal earnings are in each instance about \$2,000 and \$2,029. The distribution for 1930 is less symmetrical than that for the year prior to home purchase, but the departure from symmetry is not great. The representative earnings were lower in 1930 than they were in the

**Table XIV. Annual Earnings of Principal Breadwinner—
Year Prior to Home Purchase and During 1930.**

(789 Buffalo Families.)

Annual earnings	Breadwinners, year prior to purchase of home		Breadwinners, 1930		Breadwinners, 1930, employed 48 weeks or more*	
	Number	Per cent	Number	Per cent	Number	Per cent
0- 249.	5	1	27	3	...	..
250- 749.	12	2	39	5	3	1
750-1,249.	67	8	104	13	26	6
1,250-1,749.	164	21	122	17	41	10
1,750-2,249.	267	34	223	28	133	33
2,250-2,749.	153	19	154	19	116	28
2,750-3,249.	69	9	101	13	78	19
3,250-3,749.	26	3	17	2	10	2
3,750-4,749.	10	1	2	..	2	1
4,750-6,749.	7	1	...	..	...	..
Unknown...	9	1	...	..	...	..
TOTAL...	789	100	789	100	409	100

* Restricted to breadwinners who purchased homes in 1922 or later.

year prior to purchase. This, of course, is a function of industrial depression.⁸

As evidence of this point, the two right-hand columns of Table XIV show the distribution of income of those breadwinners who in 1930 were employed 48 weeks or more—that being taken as a standard of full-time employment.

In order to eliminate a further source of noncomparability, only those breadwinners were included who purchased their homes in 1922 or later. The arithmetic average annual income for the group is \$2,252. This figure is considerably higher than the average of \$2,057 found for the year prior to home purchase, but the latter includes those employed less than 48 weeks during the year as well as those who purchased a home prior to the war. The average income of breadwinners who purchased homes in

⁸ It would seem logical that, under normal conditions, the average earnings of the same group should be considerably higher in 1930 than in the year prior to home purchase, since the average breadwinner was nearer his maximum earning age.

Table XV. Annual Family Income—Year Prior to Home Purchase and 1930.

(789 Buffalo Families.)

Annual income	Families, year prior to purchase of home		Families, 1930	
	Number	Per cent	Number	Per cent
0- 249.....	4	1	4	1
250- 749.....	10	1	24	3
750-1,249.....	60	7	95	12
1,250-1,749.....	162	20	137	17
1,750-2,249.....	259	33	219	28
2,250-2,749.....	163	21	163	21
2,750-3,249.....	77	10	120	15
3,250-3,749.....	29	4	24	3
3,750-4,749.....	10	1	3	..
4,750-6,749.....	7	1	...	..
Unknown.....	8	1	...	..
TOTAL.....	789	100	789	100

1922 or later was found to be \$2,164. This means that the average income of breadwinners who purchased their homes in 1922 or later was some \$88 higher in 1930 than in the year prior to home purchase when only those employed full time in 1930 are considered. The figure for the year prior to home purchase is not confined to breadwinners who were employed full time. This induces only negligible noncomparability since there was comparatively little unemployment during the year prior to home purchase.

Table XV differs from the preceding one only in that it includes the entire family earnings,⁹ whereas the preceding two are based on the earnings of the principal breadwinner alone. The measures of central tendency are slightly higher. For the year prior to home purchase, the arithmetic average family earnings were \$2,095, the median earnings \$2,020, and the modal earnings \$2,000. These results, show that the principal breadwinner's income, for the group as a whole, was increased only slightly, although, in many individual cases, the percentage added was

⁹ Family earnings include the income of the principal breadwinner from other sources, as well as wages, plus any earnings of the wife or dependent children. It does not include the earnings of children who were living at home but were not dependent.

substantial. For 1930, the measures were, arithmetic average \$2,041, median \$2,059, and mode \$2,022. Comparison with the corresponding results in Table XIV show that the principal breadwinner's earnings have been augmented to an appreciable extent in 1930. It is also important to note that although the principal breadwinner's earnings averaged lower in 1930 than in the year prior to home purchase, the same is not true of average family earnings which were about equal during the two periods.

Taken at face value these averages would seem to indicate that other members of the family have gone to work in 1930 in order to offset the reduced earnings of the principal breadwinner and bolster up the family income. However, children of these families were older by anywhere from one to eight or ten years or more in 1930 than at the time these homes were purchased and this increase in auxiliary earnings might, in large measure, be set down merely to the increased earning power of these individuals attendant upon their growing up. Some of these auxiliary earners may have been actually less employed than they were before the depression.

The distribution of family earnings during the year prior to home purchase and during 1930 is shown on Chart III. The symmetrical character of the distributions as indicated by the value of the measures of central tendency is quite apparent on the chart.

There is considerable variation in the number of dependents¹⁰ of the 789 families of the study, as shown in Table XVI. In 1930, 15 per cent of the families had more than three dependents while in the year prior to home purchase only 11 per cent had more than three dependents. Thirty-one per cent had more than two dependents in 1930 as compared with 21 per cent in the year prior to home purchase. Sixty-two per cent had more than one dependent in 1930 as compared with 46 per cent in the year prior to home purchase. In these comparisons the wife, or the husband in case he was not the principal breadwinner, was not counted as a dependent.

The average was 2.17 dependents in 1930 whereas in the year

¹⁰ We have taken dependent to mean a child whose annual earnings do not exceed \$800 and, in a few cases, an adult relative of the principal breadwinner who is physically incapacitated. The housewife was not included as a dependent.

Chart III

Family Income 1 Year Prior to Purchase of Home
and in 1930.

(789 Buffalo Families.)

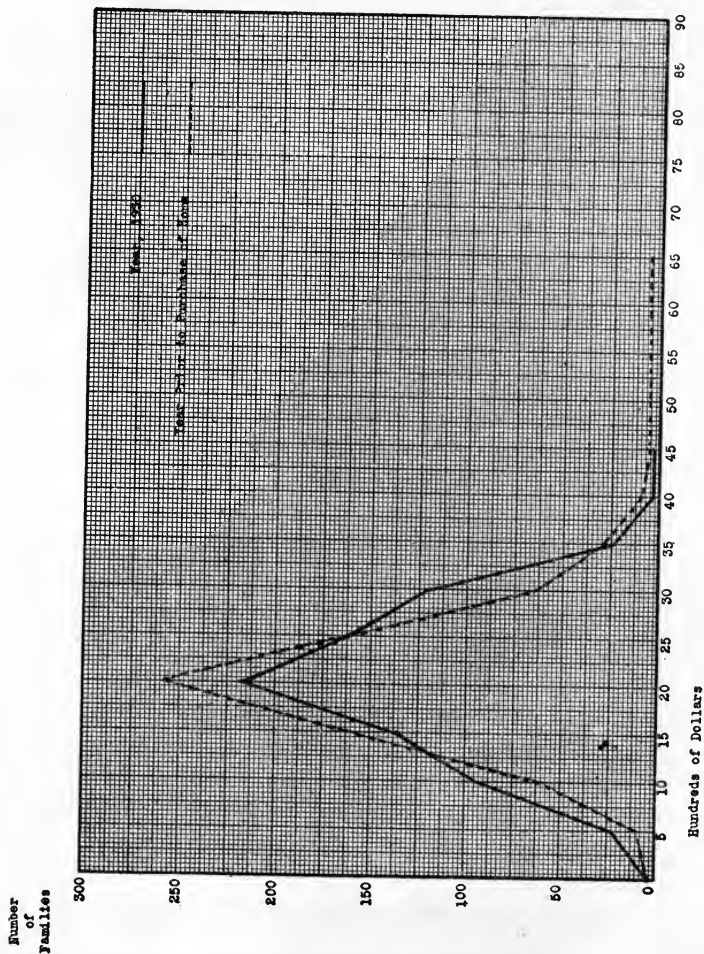


Table XVI. Number of Dependents in Family—Year Prior to Home Purchase and in 1930.

(789 Buffalo Families.)

Number of dependents	Families, year prior to purchase of home			Families, 1930		
	Number	Per cent	Cumulative per cent	Number	Per cent	Cumulative per cent
0.....	157	20	20	19	2	2
1.....	271	34	54	285	36	38
2.....	201	25	79	244	31	69
3.....	83	10	89	123	16	85
4.....	36	5	94	64	8	93
5.....	22	3	97	27	3	96
6.....	15	2	99	12	2	98
7.....	1	1	100	6	1	99
8.....	3			2	1	100
9.....	...			3		
11.....	...	..	...	1		
12.....	...	..	...	1	2	
Unknown.....	...	..	...	2		
TOTAL.....	789	100		789	100	

prior to purchase it was 1.64. More completed families are included, and home purchase often accompanies anticipated or actual increased size of family. On the other hand, many children dependent during the year prior to home purchase have now married or, if still at home, are no longer dependent.

V. Down Payments on Home Purchases

Because small down payments often lead to heavy carrying charges and the necessity of rearranging the entire financing plan, particularly in times of declining real estate values, such refinancing is likely, in certain instances, to entail serious difficulties for the home owner. In advance of the discussion of the amount of down payments given later in the report, Table XVII presents the number of down payments arising from different sources.

Seventy-eight per cent of the families made the first payment on their homes entirely from previous savings while another 8 per cent derived part of their down payment from previous savings. Previous savings are thus seen to be an extremely important ele-

Table XVII. Source of Down Payment on Property.
(789 Buffalo Properties.)

Source	Number of families	Per cent of families
Previous savings.....	617	78
Inherited money.....	31	4
Business profits.....	10	1
Savings and inheritance.....	25	3
Savings and profits.....	5	1
Inheritance and profits.....	3	1
Savings, inheritance and profits.....	2	
Insurance, gifts, and borrowed money...	59	7
Savings and one of above.....	28	4
No down payment.....	8	1
Unknown.....	1	..
TOTAL.....	789	100

ment in planning the purchase of a home. The collecting agents found many cases of housewives who stated that they had to defer the purchase of a home until they were able to save enough money to meet the initial payments.

VI. Consequences of Home Purchase

The collection schedule included a question on the changes that had occurred, as a result of home purchase, in the expenditures for thirteen miscellaneous items of the family budget. The replies to this question are shown in Table XVIII and Chart IV. The reader should be aware of the fact that a great deal of inaccuracy is to be expected in the table. The question itself is a violation of some of the rules of schedule making in that the replies must be opinions although they give the appearance of fact. The opinions given will naturally be biased because past events in retrospect will usually take on content in terms of present conditions. Since the present condition is one of economic stress for a majority of these families, it follows that a mental attitude of stress will be present in the form of bias in the answers to the questions.

In all but three phases of family expenditure in the table, the majority of replies were "no change." It might be concluded from this that the replies have very little value. Such a conclusion

Table XVIII. Effect of Home Purchase upon the Household Budget—Changes in Amount Expended for 13 Miscellaneous Items.

(789 Buffalo Families.)

Effect	Education	Auto- mobile	Household furnishings	Clothes	Other savings	Motion pictures	Books
Increased.....	77	70	376	58	14	26	44
No change.....	610	580	358	419	251	453	539
Decreased.....	101	138	54	310	523	309	205
Unknown.....	1	1	1	2	1	1	1
TOTAL.....	789	789	789	789	789	789	789

Effect	Vacation	Paid house- hold help	Household equipment	Life insurance	Theater	Magazines
Increased.....	28	23	429	87	19	51
No change.....	529	683	333	590	477	566
Decreased.....	231	81	26	111	291	170
Unknown.....	1	2	1	1	2	2
TOTAL.....	789	789	789	789	789	789

is scarcely warranted after closer inspection of the table. Taking paid household help as an example, practically all of the 683 "no change" replies came from housewives who quite obviously employed no household help either before purchase of the home or since purchasing; so that the preponderance of "decrease" replies among those who did have any change would lead one to conclude that there was a decline in the employment of paid household help.

The large number of replies stating a decline in other savings is rather convincing evidence of the value of this tabulation. It is fairly clear that a middle-class family taking on the burden of home purchase would be under the necessity of curtailing other savings methods. The same "inherent honesty" in the replies is evidenced by the number of cases of decreased expenditure for clothing. Of the same character is the increase in expenditure for both household furnishings and household equipment.

Table XVIII will aid in visualizing the effect of home purchase on each item.

Table XIX sets forth the degree of satisfaction reported by home owners in their ownership. Graded in the order of the unanimity of the replies, the enforcement of saving habits ranks first. The next arises from the ability to have the kind of houses desired.

Chart IV
Effect of Home Purchase Upon 13 Miscellaneous Items of
the Household Budget.
 (789 Buffalo Families.)

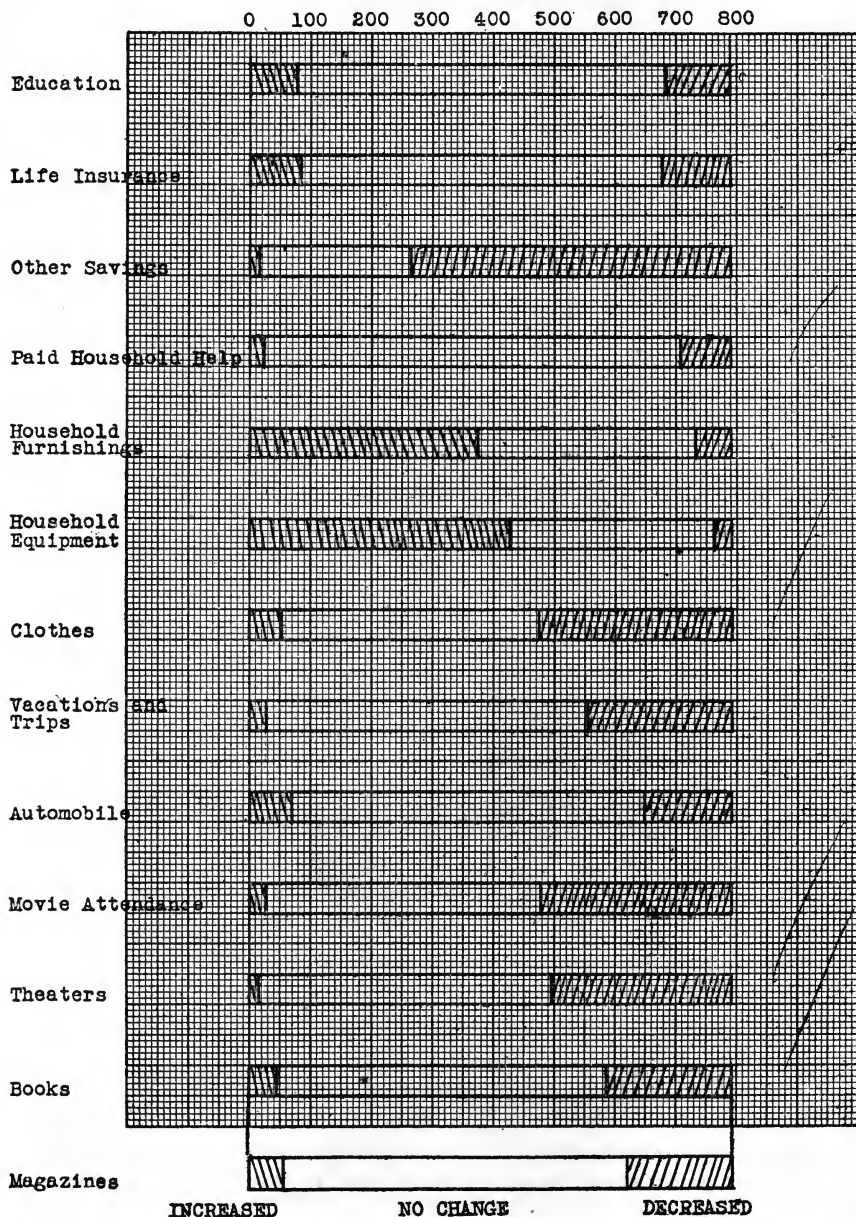


Table XIX. Advantages and Satisfactions Arising from Home Ownership.

(789 Buffalo Families.)

Form of question	Reply			Percentage	
	Yes	No	Unknown	Yes	No
Able to have kind of house desired.....	658	130	1	83	17
Has forced family to save to make payments.....	714	73	2	90	10
Can afford to make improvements and repairs as desired.....	555	231	3	71	29
Has increased interest in community affairs.....	543	244	2	69	31

An affirmative answer to this question probably also subsumes that imponderable attitude designated as "pride of ownership." The next in order is the gratification of that innate American desire, which might be covered by the expression "to putter around the house."

Of slightly less importance is the increased interest in community affairs. It is likely that the informants understood this last question to refer to social affairs such as picnics, booster days, women's clubs, politics and the like, whereas the intention was to include questions such as taxation, sewers, garbage removal, public utility services, etc. Rightly understood, one would suppose the percentage of affirmative answers to the question would be higher.

There is unquestionably a bias in these answers. There must be considerable inaccuracy in them. The list is, of a certainty, incomplete. In spite of these disqualifications, the things presented by the table are fundamental to the continued existence and growth of what is best in American family life.

Under the heading of other satisfactions, the collection schedules refer repeatedly to the single word, "children." The mothers of these families receive a benefit from home ownership which to them is as important as any listed above. It is freedom for the children, a space for play, a home in which to develop into normal healthy men and women.

Wishing to be fair and to present both sides of the problem, a

Table XX. Disadvantages and Dissatisfactions Arising from Home Ownership.

(789 Buffalo Families.)

Form of question	Reply			Percentage	
	Yes	No	Unknown	Yes	No
Has it interfered with moving to another community to take another job?.....	95	693	1	12	88
Has it interfered with moving to a larger or smaller house as family size changed?..	52	736	1	7	93
Has it interfered with moving to another location to be nearer place of work or children's school?.....	41	747	1	5	95

question was inserted in the schedule asking for information on the disadvantages of home ownership. Table XX shows that in 95 per cent of the cases, home ownership has not prevented the family from living more conveniently with regard to employment or schooling of children. In 93 per cent of the cases it has not forced the family to occupy quarters not suited to the needs of the family. As one housewife put it, "We adjusted the house to suit the family." In 12 per cent of the cases, home ownership has interfered with moving to another community to take another job.

The tables and charts which have been presented in the foregoing descriptive section of the report are intended to give the reader a set-up of basic information which has been collected for the 789 home owning families of the study, covering first, the description of the property, then the conditions attendant upon the purchase of the property, the composition and conditions of the family and, finally, the consequences of home purchase.

VII. Analysis of Information and Data

In the sections that follow, the data that were presented in the first part of this discussion are subjected to a more elaborate analysis. Particular attention is devoted to that series of inter-related facts with which this study is most deeply concerned, namely, those involving the relationship of income and home ownership.

Table XXI. Purchase Price of Property, with Average Down Payment and Face Value of Mortgages—Properties Purchased in 1922 or Later.
(619 Buffalo Properties.)

Cost of property to present owner	Number of cases	Average down payment	Average face value—first mortgage	Average face value—second mortgage	Percentage of total cost		
					Down payment	First mortgage	Second mortgage
2,000- 2,999	11	430	1,630	440	17.2	65.2	17.6
3,000- 3,999	27	880	1,520	1,120	25.0	43.2	31.8
4,000- 4,999	32	1,120	2,410	930	25.1	54.1	20.8
5,000- 5,999	158	750	2,930	1,740	13.5	54.3	32.2
6,000- 6,999	134	1,360	3,410	1,660	21.5	53.9	24.6
7,000- 7,999	95	2,100	3,740	1,570	28.3	50.5	21.2
8,000- 8,999	62	1,890	4,330	2,000	23.0	52.7	24.3
9,000- 9,999	41	2,270	4,880	2,050	24.7	53.0	22.3
10,000-10,999	23	2,730	5,120	2,310	26.9	50.4	22.7
11,000-11,999	14	2,980	5,700	2,410	26.9	51.4	21.7
12,000-15,999	22	4,400	5,870	2,390	34.8	46.4	18.8
TOTAL OR AVERAGE	619	1,580	3,570	1,700	23.1	52.1	24.8

The analyses which follow fall into the following main groups:

Purchase price of property and mortgage costs.

Income and mortgage costs.

Renewal charges on first and second mortgages related to type of financing agency.

Income, age, occupation and employment in various relations.

Miscellaneous relationships.

Purchase Price of Property and Mortgage Costs

Information concerning the division of the price of the properties into down payment and original face value of mortgages appears in Table XXI. In order to eliminate one element of variation, the 169 properties purchased prior to 1922 were excluded from this table. The period from 1922 to 1929, as pointed out earlier in the report, was one of fairly stable business and real estate conditions in Buffalo, so that average values of down payments and mortgages should be, for the most part, free from the usual objections to averages taken over a period of years.

The table shows that, regardless of the price of the property, the first mortgage represents slightly more than 50 per cent of that price. Further, it shows that the down payment and the second mortgage each represent about 25 per cent of the price. The percentage distribution of these averages for properties of different price groups shows that, as the cost of the property increases, there is a tendency for the percentage of the price which

is paid in cash to increase, with a corresponding decrease in the percentage of the second mortgage.

The distribution of mortgage costs in \$10 intervals for different mortgage conditions is presented in Table XXII. These mortgage costs are given on a monthly basis.

In the 330 cases in which the second mortgage is being amortized but the first is not being amortized, the average monthly mortgage cost is \$44.36. This includes payment of interest on both mortgages and payment on the principal of the second. In 27 cases, payments were being made on the principal of both mortgages. Under this condition, the average monthly payment amounted to \$52.78. When no payments were being made on the principal of either mortgage, the average monthly interest charge was \$26.61. This case compared with the preceding one would indicate that when both mortgages are being amortized, the amount paid off for amortization is, on the average, about equal to the amount paid as interest. When only the second mortgage is being amortized the monthly payments are, on the average, 67 per cent greater than when no amortization is made. Amortization of mortgages, of course, means higher monthly payments. The further fact, however, that monthly payments are not increased proportionately when both mortgages are being amortized, is of some importance since it suggests an inelastic limit to the demands that can be made upon home purchasers in a given income group.

The suggestion was made in the preceding paragraph that mortgage costs for amortized mortgages do not increase proportionately with increase in the cost of the property. This premise will now be examined more closely. In Tables XXIII and XXIV the properties purchased in 1922 or later have been separated into two groups according to whether the mortgages were being amortized or not. Table XXIII shows the cost of properties in \$1,000 intervals related to monthly mortgage costs in \$10 intervals for 220 cases of unamortized mortgages. In most cases, the present interest payments probably are being made on the original face value of the mortgages. Since there is only a slight increase in the percentage of total cost which is covered in the down payment as the cost of the property increases, it follows that there should be a direct relation between the increase in the cost of the property and the increase in the monthly mortgage payments. The coefficient of correlation is +44 per cent. This is not as high as the logic

Table XXII. Mortgage Costs according to Methods of Payment of First and Second Mortgages.
(789 Buffalo Properties.)

Mortgage conditions	Monthly mortgage cost (dollars)											Average total monthly payment	
	0-9.99	10.00-19.99	20.00-29.99	30.00-39.99	40.00-49.99	50.00-59.99	60.00-69.99	70.00-79.99	80.00-89.99	90.00-99.99	Un- known	Cases	Amount (dollars)
First not amortized, second not amortized.	1	23	37	18	5	2	..	1	..	..	3	90	26.61
First not amortized, second amortized....	1	3	27	124	77	58	20	12	4	4	1	331	44.36
First amortized, second amortized.....	..	1	2	5	5	5	4	1	3	1	..	27	52.78
First amortized, second not amortized.....	..	...	1	2	2	2	1	1	..	..	..	9	48.33
First amortized, no second.....	3	12	28	25	16	8	3	2	..	..	..	97	33.76
First not amortized, no second.....	35	120	58	10	1	..	1	..	..	..	..	225	17.27
No first.....	3	...	..	...	..	..	..	..	..	..	2	5	.....
Unknown.....	..	...	..	...	..	..	..	..	..	..	5	5	.....
TOTAL.....	43	159	153	184	106	75	29	17	7	5	11	789	

Table XXIII. Unamortized Mortgages—Relation of Monthly Payments to Cost of Properties Purchased in 1922 or Later.

(218 Buffalo Properties.)

Cost of property	Monthly mortgage payments (dollars)						Total
	0- 9.99	10.00- 19.99	20.00- 29.99	30.00- 39.99	40.00- 49.99	50.00- 59.99	
2,000- 2,999.....	2	..	..	..	..	..	2
3,000- 3,999.....	..	2	1	..	..	..	3
4,000- 4,999.....	2	11	3	..	..	..	16
5,000- 5,999.....	2	18	11	..	2	..	33
6,000- 6,999.....	7	17	24	4	..	..	52
7,000- 7,999.....	2	22	12	5	..	..	41
8,000- 8,999.....	1	7	15	3	..	..	26
9,000- 9,999.....	..	2	8	4	3	1	18
10,000-10,999.....	..	2	5	3	..	..	10
11,000-15,999.....	..	2	7	7	1	..	17
TOTAL.....	16	83	86	26	6	1	218

of the case would lead one to expect. The most plausible explanation for this would be the existence of a nonlinear relation between the two sets of data. To determine this, the correlation ratio of monthly mortgage cost on cost of property was computed. This is 46 per cent. Since the variation of 2 points between the correlation coefficient and the correlation ratio falls well within the limits of the probable error of the coefficients, there are no grounds for believing that the relation is nonlinear. With this possible cause of the low coefficient removed, we turn to the table for an explanation. The grouping of frequencies along the principal diagonal is good enough near the center of the table to warrant expecting a high coefficient but at both extremes the frequencies diverge. The number of such cases is not large but is sufficient to bring about the low coefficient. There are two causes; first, the individual variations in the down payments result in increase or decrease in the face of the mortgage, as the case may be, and correspondingly the monthly mortgage payments are carried above or below their expected position; secondly, there are some cases in the study in which the second mortgage was paid off in the past in a lump sum. These were not considered as cases of amortization, hence are included in this table. With one mortgage discharged, the monthly mortgage payments related to cost of property would be less than the expectation.

Table XXIV contains the same type of facts, but for amortized mortgages. This brings in a new element of variability. Interest charges must increase with increase in the cost of the property, provided the mortgage is about the same percentage of the total cost. When the new element—payment on the principal of the mortgages—is introduced, the direct relation of monthly payments to cost of property is lost, because monthly payments on the principal of the mortgages were found to vary anywhere from \$1.00 to \$50.00. Further, a high-priced property may have very small monthly amortization payments with 15- to 20-year maturity of the mortgage. On the other hand, a low-priced property may have relatively large monthly amortization payments and short-term maturity of the mortgage. In one section of the city, the second mortgages were amortized at the rate of \$50.00 annually regardless of the face value of the mortgage.

Inspection of the table shows once more that the expected positive relation between cost of property and monthly mortgage payment is present. The coefficient of correlation is +.57 per cent but the correlation ratio of monthly mortgage payment on cost of property in this case is 71 per cent. The difference between the ratio and the coefficient becomes significant since the chance is less than one in a thousand that a difference of 14 per cent could be accidental. The regression is nonlinear or, in terms of the distribution of frequencies in the table, the monthly mortgage payments increase in proportion to increase in cost of property up to a certain point, but beyond that point the mortgage payments increase at a slower rate. This is an important result of the study.

For the families included in this study, within a limited income group, it is shown that as the cost of a property gets into the higher ranges included in the data, namely from \$8,000 to \$15,000, the payments on principal of the mortgages are not increased proportionately over the payments made by purchasers of lower-priced houses; presumably too large a proportion of the family income would be absorbed.

Income and Mortgage Costs

In spite of its many ramifications, this study centers around the relation between family income and housing costs. Complete information on housing costs apparently would require budget studies carried out over a long period of time. Lacking such a

Table XXIV. Amortized Mortgages—Relation of Monthly Payments to Cost of Properties Purchased in 1922 or Later.
(396 Buffalo Properties.)

Cost of property	Monthly payments (dollars)										Total
	0- 9.99	10.00- 19.99	20.00- 29.99	30.00- 39.99	40.00- 49.99	50.00- 59.99	60.00- 69.99	70.00- 79.99	80.00- 89.99	90.00- 99.99	
2,000-2,999.....	..	2	6	1	..	..	..	..	..	..	9
3,000-3,999.....	..	3	16	5	..4	..	..1	..	..	..	24
4,000-4,999.....	..	1	5	5	19	10	..	..	..	..1	16
5,000-5,999.....	2	90	33	19	..2	..	..	..	122
6,000-6,999.....	3	20	..	..	..	2	..	..	79
7,000-7,999.....	3	3	9	22	12	2	2	..	53
8,000-8,999.....	3	6	10	7	6	3	..	..1	36
9,000-9,999.....	1	4	5	3	5	3	2	..	23
10,000-10,999.....	5	2	1	2	2	..1	13
11,000-15,999.....	1	2	7	6	1	2	1	1	21
TOTAL.....		6	40	136	92	69	28	14	7	4	396

Table XXV. Single Houses with Amortized Mortgages—Relation of Monthly Mortgage Cost to Family Income.
(381 Buffalo Properties.)

Family income	Monthly mortgage cost (dollars)										Total	Average mortgage cost (dollars)
	0-9.99	10.00-19.99	20.00-29.99	30.00-39.99	40.00-49.99	50.00-59.99	60.00-69.99	70.00-79.99	80.00-89.99	90.00-99.99		
0-249...	..	..	..	1	..2	..1	..	..	..	..	1	39
250-749...	..	..	..	6	11	5	..	..	..	..	9	43
750-1,249...	1	4	3	18	13	12	3	3	1	..	49	39
1,250-1,749...	..	2	15	24	18	19	3	2	..	..	68	40
1,750-2,249...	..	3	20	45	20	13	4	..	1	2	112	42
2,250-2,749...	1	1	5	29	13	13	9	1	..	1	74	46
2,750-3,249...	..	2	10	9	3	1	..	..	1	..	58	45
3,250-3,749...	..	..	1	3	1	..	..	..	..	..	9	..
3,750-4,749...	..	..	..	..	1	..	..	..	..	..	1	..
TOTAL.....	2	12	54	135	81	64	20	7	3	3	381	..

Table XXVI. Single Houses with Unamortized Mortgages—Relation of Monthly Mortgage Cost to Family Income.
(254 Buffalo Properties.)

Family income	Monthly mortgage cost (dollars)									Total	Average mortgage cost (dollars)
	0-9.99	10.00-19.99	20.00-29.99	30.00-39.99	40.00-49.99	50.00-59.99	60.00-69.99	70.00-79.99	80.00-89.99	90.00-99.99	
0-249...	..	2	..	..	..	..	..	..	..	..	2
250-749...	1	7	3	..	1	..	..	..	..	..	19
750-1,249...	4	13	8	..	1	..	..	..	..	..	12
1,250-1,749...	8	23	10	2	..	..	..	..	..	..	26
1,750-2,249...	10	44	17	5	..	..	..	..	..	..	43
2,250-2,749...	6	22	16	4	..	1	..	..	..	..	76
2,750-3,249...	4	15	15	3	..	..	1	..	..	..	49
3,250-3,749...	1	3	2	1	..	..	..	..	..	..	38
3,750-4,749...	..	1	..	..	..	..	..	..	..	..	7
TOTAL.....	34	130	71	15	2	1	1	..	..	..	1
								..	..	..	254

period, we have centered on the largest single item of housing cost—mortgage cost.

Table XXV gives the relation in the disturbed year 1930, of mortgage costs to family income for 380 families living in single houses who were making regular payments on the principal of their mortgages. There is a slight tendency for mortgage payments to increase with increased income. The last column of the table gives the average mortgage cost for each interval of family income. Part of the variation in these averages arises from the small number of frequencies in the particular row, but beyond this there is a perceptible increase in average payments as the family income increases.

Table XXVI gives the same data for single houses when the mortgages are not amortized. The mortgage costs are, of course, much lower, since they include only interest charges. There is, again, a slight tendency for the mortgage payments to increase with increases in income.

Tables giving similar data to the preceding ones were prepared for two-family houses. The number of families was too small to show much concentration of frequency although it appeared that mortgage payments increased slightly with increased family income.

The general conclusion from the preceding tables is that monthly mortgage costs in 1930 increased very little with increased size of family income. This conclusion appears to be applicable to both single and two-family houses and to both amortized and unamortized mortgages. To some extent this is an unexpected result.¹¹ Earlier in the report it has been shown that mortgage

¹¹ These conclusions seemed so startling that Mr. James S. Taylor has made a careful review of the tables and of many of the original schedules from which they were prepared. He observes that a special tabulation prepared by Dr. Brumbaugh showed that the families having less than \$1,250 incomes in 1930 had, on the average, incomes twice as large during the year prior to home purchase. A considerable part of the families in the next income group ranging from \$1,250 to \$1,749 likewise had substantially greater incomes during the year prior to purchase than in 1930. On the other hand, in the income group from \$2,750 to \$4,750, incomes were substantially greater in 1930 than during the year prior to purchase. Among the intervening families, which constitute a considerable majority of all those represented in the table, a substantial number showed incomes either materially above or below those reported for the year prior to purchase.

Thus, he concludes, the table on its face represents the situation in which a representative group of families find themselves in the particular year 1930, when many of them were affected by the economic upheaval. The individual
(Footnote continued on page 112)

Table XXVII-a. Relationship of Cost of Property to Family Income—Year Prior to Purchase—Single Houses Purchased Since 1922.

Family income (dollars)	Cost of property (dollars)						
	1,000- 1,999	2,000- 2,999	3,000- 3,999	4,000- 4,999	5,000- 5,999	6,000- 6,999	7,000- 7,999
0- 249.....	1	1	..
250- 749.....	1	..
750-1,249.....	..	1	1	1	9	5	3
1,250-1,749.....	..	2	8	3	27	20	7
1,750-2,249.....	1	1	8	11	53	42	27
2,250-2,749.....	..	1	2	4	29	33	22
2,750-3,249.....	..	1	3	1	10	14	10
3,250-3,749.....	1	..	1	1	7
3,750-4,749.....	1	1	2
4,750-6,749.....	1
TOTAL.....	1	6	23	20	131	118	79

Family income (dollars)	Cost of property (dollars)					Total
	8,000- 8,999	9,000- 9,999	10,000- 10,999	11,000- 11,999	12,000- 15,999	
0- 249.....	..	..	..	..	..	2
250- 749.....	1	..	..	..	..	2
750-1,249.....	1	..	..	..	..	21
1,250-1,749.....	6	2	..	1	..	76
1,750-2,249.....	14	3	3	1	1	165
2,250-2,749.....	10	3	3	..	1	108
2,750-3,249.....	9	5	..	..	1	54
3,250-3,749.....	5	1	2	..	2	20
3,750-4,749.....	..	..	1	1	1	7
4,750-6,749.....	2	1	1	1	..	6
TOTAL.....	48	15	10	4	6	461

schedules showed many families committed to pay for mortgage costs from 40 to 70 per cent or more of their 1930 incomes. There is abundant reason to suppose that, in most such cases, they did not deliberately plan to put themselves in such a dilemma. Conversely, the schedules showed many families living in good houses who, either because of large down payments, or past instalment payments on the mortgage, had relatively small monthly mortgage costs, and were, therefore, in an excellent position to meet curtailed incomes in 1930, or to face the prospect of curtailed incomes in any subsequent year.

(Footnote continued on page 113)

Table XXVII-b. Relationship of Cost of Property to Family Income—Year Prior to Purchase—Single Houses Purchased Since 1922.

Number of cases	Range of cost of property (dollars)	Assumed average cost of property (dollars)	Computed median income (dollars)	Ratio of property cost to income, year prior to purchase
6.....	1,000- 1,999	1,500	2,000	0.75
22.....	2,000- 2,999	2,500	1,750	1.43
62.....	3,000- 3,999	3,500	1,906	1.84
59.....	4,000- 4,999	4,500	2,023	2.22
169.....	5,000- 5,999	5,500	2,019	2.72
141.....	6,000- 6,999	6,500	2,131	3.05
87.....	7,000- 7,999	7,500	2,307	3.25
52.....	8,000- 8,999	8,500	2,350	3.62
16.....	9,000- 9,999	9,500	2,667	3.56
10.....	10,000-10,999	10,500	2,583	4.07
4.....	11,000-11,999	11,500	3,125	3.68
6.....	12,000-15,999	14,000	3,250	4.31

Number of cases	Range of income (dollars)	Assumed median income (dollars)	Computed median cost of property (dollars)	Ratio of median property cost and income, year prior to purchase
2.....	0- 249	125	6,000	48.00
2.....	250- 749	500	7,500	15.00
21.....	750- 1,249	1,000	5,833	5.83
76.....	1,250- 1,749	1,500	5,926	3.95
165.....	1,750- 2,249	2,000	6,202	3.10
108.....	2,250- 2,749	2,500	6,545	2.61
54.....	2,750- 3,249	3,000	6,857	2.28
20.....	3,250- 3,749	3,500	8,000	2.28
7.....	3,750- 4,749	4,250	7,750	1.82
6.....	4,750- 6,749	5,750	9,000	1.56

However, the schedules for a considerable number of families having substantially the same income in 1930 as during the year prior to purchase, do indicate a considerable disparity in the proportion of income devoted to monthly mortgage payments. But the different conditions of families with respect to number of dependents, age, earning prospect and other variables, go far to explain these differences and indicate the desirability of the more detailed studies which could be made with a larger number of cases.

Mr. Taylor believes that the chief usefulness of Tables XXV and XXVI is to serve as a challenge to preconceived ideas, and to point out the need for further studies and analysis.—The Editors.

payments increase with increasing cost of the property.¹² If families having larger incomes tend to purchase higher-priced houses, then there should be a fairly high correlation between mortgage costs and family income.

Since this proves not to be the case, inquiry must next be made concerning the relation between family income and price paid for properties. Inspection of Table XXVII, exhibiting this information, shows that the results are in accord with what the preliminary considerations had indicated. The correlation coefficient between family income and property costs is +33 per cent which does not demonstrate any marked association between these factors. The tabulation of medians (Table XXVII-b) shows a persistent tendency for the cost of the property to increase, although not in direct proportion, with family income.

From the writer's point of view, the most plausible interpretation of these data is to be derived from viewing them as part of a larger picture.

Characteristically, houses built for sale in and around large industrial cities during the period from 1922 to 1929 had at least 5 or 6 rooms, bathroom, many other modern improvements, and usually a garage. Evidently families with children, desiring to occupy a house and not being able or willing to pay for a new house, chose to live in older structures.

It is not surprising to find that most of the houses reported in the study were worth \$5,000 or more at the time of purchase.

Combining these considerations, it appears that the center part of Table XXVII-a, where the great bulk of cases are found, represents the lowest shelf of any size in that part of the home ownership structure which has been developed since 1922. The real contribution of the table seems to be to show that a number of families of apparently small income were able to find a place in the group and that a number of families with considerably higher incomes decided to obtain houses from among those priced at from \$5,000 to \$7,500.

Renewal Charges on First and Second Mortgages Related to Type of Financing Agency

The information in this section applies entirely to properties purchased in 1922 or later, as the years prior to 1922 are not comparable with regard to home financing agencies.

¹² See Tables XXIII and XXIV.

Table XXVIII. Types of Financing Agencies—Amortized and Nonamortized First Mortgages—Homes Purchased in 1922 or Later.

(610 Buffalo Properties.)

Type of financing agency	Number amortized	Number non-amortized	Total	Per cent of amortized	Per cent of non-amortized
Private individual*...	36	180	216	43	34
Savings bank.....	15	144	159	18	27
Commercial bank....	2	24	26	3	5
Savings and loan association.....	11	25	36	13	5
Finance company....	9	90	99	11	17
Insurance company...	10	62	72	12	12
Other.....	..	2	2	..	..
TOTAL.....	83	527	610	100	100

* Includes builders.

Table XXVIII shows that 85 per cent of the first mortgages written in 1922 or later are not being amortized; that private individuals are the most important holders of first mortgages, both amortized and unamortized, followed by savings banks. The private individuals are mainly builders, who often retain one or both of the mortgages on the properties which they sell.

Private individuals, and also savings and loan associations, hold a larger percentage of the amortized than of unamortized mortgages.

Table XXIX brings out the fact that 82 per cent of the second mortgages are being amortized, as contrasted with 14 per cent of the first mortgages. Once more the most important financing source is private individuals who hold about 90 per cent of both amortized and unamortized second mortgages. Only under exceptional circumstances are savings banks, commercial banks and insurance companies permitted to invest in this kind of loan (usually only when a part of the first mortgage is converted into a second mortgage). The finance or mortgage companies are virtually the only competitors of private individuals in the second mortgage field.

Table XXIX. Types of Financing Agencies—Amortized and Nonamortized Second Mortgages—Homes Purchased in 1922 or Later.

(402 Buffalo Properties.)

Type of financing agency	Number amortized	Number non-amortized	Total	Per cent of amortized	Per cent of non-amortized
Private individual*...	298	62	360	90	87
Savings bank.....	1	2	3	..	..
Commercial bank....	4	2	6	1	3
Savings and loan association.....	6	4	10	2	6
Finance company....	17	1	18	5	1
Insurance company...	..	..	..	..	..
Other.....	5	..	5	2	..
TOTAL.....	331	71	402	100	100

* Includes builders.

The cost of renewal of first mortgages on houses purchased by the present owner in 1922 or later is presented in Table XXX. The vertical distribution of the table according to type of financing agency permits comparisons of average renewal costs of the different agencies. The table shows that renewal charges are most frequent with finance companies and insurance companies, while savings banks make renewal charges much less frequently. In the right hand column of the table the average renewal charges for each type of financing agency are presented. It should be noted that these are the average charges on those mortgages which had renewal charges. For example, the 145 mortgages held by private individuals which were never renewed have been excluded in computing the average charge of \$37. The lowest average charges are made by savings banks and private individuals. Apart from the commercial banks and savings and loan associations for which averages may have very little significance because of the small number of cases, the highest average charges are made by finance companies and insurance companies.

A similar compilation for second mortgages showed that such mortgages are being amortized in 84 per cent of the cases. These amortized mortgages, with rare exceptions, have no renewal

Table XXX. Renewal Charge on First Mortgages Related to Type of Financing Agency—Homes Purchased in 1922 or Later.
(495 Buffalo Properties.)

Type of financing agency	Cost of renewal (dollars)										Never renewed	Total	Per cent renewed	Average renewal charge (dollars)	
	0-9.99	10.00-19.99	20.00-29.99	30.00-39.99	40.00-49.99	50.00-59.99	60.00-69.99	70.00-79.99	80.00-89.99	90.00-99.99					
Private individual.....	7	1	2	3	4	2	2	2	2	1	3	145	172	16	37
Savings bank.....	5	1	..	1	..	1	2	..	..	1	1	127	139	9	32
Commercial bank.....	1	..	..	..	..	..	..	..	..	..	2	14	17	18	60
Savings and loan association.....	1	..	..	..	1	1	..	..	..	..	1	24	29	17	52
Finance company.....	1	..	10	2	15	7	2	3	3	14	2	27	83	67	51
Insurance company.....	1	..	4	1	9	4	4	2	2	1	1	26	53	51	45
Other.....	..	..	..	..	..	..	..	..	..	..	1	1	2	..	..
TOTAL.....	16	2	16	7	29	15	10	7	18	11	364	495	26	51	

Table XXXI. Renewal Charges on 1-, 3- and 5-Year First Mortgages—Houses Bought in 1922 and Later.
(176 Buffalo Properties.)

Mortgage period	Cost of renewal (dollars)												Num-ber renewed	Num-ber never renewed	Total	Ratio of number renewed to total	Average renewal charge (dollars)
	0-9.99	10.00-19.99	20.00-29.99	30.00-39.99	40.00-49.99	50.00-59.99	60.00-69.99	70.00-79.99	80.00-89.99	90.00-99.99							
1 year.....	3	..	..	..	..	..	7	..	..	..	..	3	25	28	.107	..
3 years.....	6	2	5	6	9	4	6	1	1	1	5	46	50	96	.479	46	
5 years.....	3	..	3	..	12	1	1	..	..	..	..	25	27	52	.480	41
TOTAL.....	12	2	8	6	21	10	8	1	1	1	5	74	102	176	....	..

charges. Only 23 of the second mortgages had ever been renewed and 17 of these involved no renewal charge.

The collecting agents reported that many home owners complained of the difficulties which arose over the short-term mortgage. As shown in Table X, the first mortgage was written for a short period in a larger percentage of the cases than the second mortgage. First mortgages written in 1922 or later were accordingly chosen for a special study of short-term mortgage conditions. One-year, 3-year and 5-year mortgages were taken. Table XXXI shows that no problem arises in connection with 1-year mortgages, so they may be dismissed. Three- and 5-year mortgages have renewal charges in 48 per cent of the cases while Table XXX shows that only 26 per cent of the mortgages of all maturities have renewal charges. A further factor must be considered before these two percentages are accepted. All of these mortgages were written in 1922 or later and many of those with longer maturities have never been renewed, hence, no information on renewal cost is available. It is even conceivable that over a sufficient number of years nearly all of the long-time maturities may involve renewal costs. The average renewal cost for those mortgages which had renewal charges is \$46 for 3-year mortgages and \$41 for 5-year mortgages while for mortgages of all maturities, as shown in Table XXX, the charge is \$51. The fact that renewal every 3 years has a higher average cost than renewal every 5 years is very difficult to understand. The result of this in the effective interest rates paid by the borrower is quite apparent. The charges on either of these short maturities as compared with the charges on all maturities make the effective interest rate considerably higher. The difference in the interest rate between paying \$51 say once in 10 years and paying \$46 every 3 years scarcely requires comment. One extreme case was found in which a financing agency required a 16 per cent renewal charge.

Income and Employment

Analysis of data shows that in the year prior to purchase, less than 6 per cent of the families were reported as having income outside of that of the principal breadwinner. For the year 1930, 19 per cent of the families reported such an addition. For each year the average sum reported was in the neighborhood of \$700. Rent received from the rented portion of two-family houses was considered as part of the breadwinner's income in most cases,

and therefore does *not* appear in the amount added. In filling out and editing the schedules, the entire earnings of adult children usually were not included, and only an arbitrary sum, such as \$5.00 a week, was assumed to be board paid and was counted as part of the family income. In 1930, 74 cases of 149, or 49.6 per cent, were augmenting an income of less than \$1,250 from the principal breadwinner.

The contrast in conditions between 1930 and the year prior to home purchase apparently arises from two chief causes. First, the industrial depression has caused declines in the principal breadwinner's income in a great many cases. These declines are the results of wage cuts, part-time employment, layoffs, or loss of jobs. Secondly, the children of these families are now older than at the time of home purchase and are in many cases ready to become income producers, either by part-time work while they are attending school or by full-time employment after completion of school. The importance of this cause is shown by the fact that of the 207 families buying houses built prior to 1922, 83, or approximately 40 per cent, reported extra income whereas, of the 582 families owning houses built in 1922 or later, only 65, or 11 per cent, reported extra income. The second cause has nothing whatever to do with the depression. It would probably result in increased auxiliary income in normal times as well as during a depression.

In connection with Table XIV it is well to raise the question of the minimum level at which purchase of a home is attempted. Clearly, many other considerations enter into the decision to purchase a home beyond the mere fact of possession of sufficient funds to begin the purchase. We are, however, approaching the question from the opposite angle. Without regard to the attendant circumstances we may ask the question, "At what minimum income level did the families in this study make the purchase?" Eighty-four families purchased when, during the preceding year, the principal breadwinner's income did not exceed \$1,250. However, of 518 single houses purchased in 1922 or later (Table XXXII), only 38 were purchased when the income of the principal breadwinner was less than \$1,250. In the neighborhood of \$1,250 there appears to have been a minimum income level at which home purchase has been undertaken.

As a means of showing some of the hardships worked upon home owners during a period of industrial depression, Table

Table XXXII. Income of Principal Breadwinners Living in Single Houses Purchased in 1922 or Later.

Incomes (dollars)	Number of families	
	Year prior to home purchase	1930
0- 249.....	3	13
250- 749.....	3	24
750-1,249.....	32	66
1,250-1,749.....	93	78
1,750-2,249.....	183	154
2,250-2,749.....	114	137
2,750-3,249.....	52	69
3,250-3,749.....	23	9
3,750-6,749.....	15	2
TOTAL.....	518	552

XXXII has been constructed. Some families were unable to give any usable data on income during the year prior to home purchase, so that the total families reporting for that year are fewer than those recorded in the column for 1930. In 1930, there were 103 families with the principal breadwinner's income below \$1,250.

As further evidence on the question of employment, Tables XXXIII and XXXIV are presented. The number of weeks employed during the year prior to home purchase and during 1930 is given in intervals of 5 weeks for the principal breadwinner of all families in the study who purchased their homes in 1922 or later. The total column at the right of each table shows the number of principal breadwinners in each occupational group. The last column of each table shows the average number of weeks worked during the year by each occupational group. Employment was essentially at full time for all groups during the year prior to home purchase. Specifically, only 5 per cent of the group were employed less than 40 weeks. Another 10 per cent worked from 40 to 48 weeks, but a part of these did not consider themselves as unemployed since their work was seasonal in character. The remaining 85 per cent of the group were employed full time.

In 1930, 22 per cent of the group were employed less than 40 weeks during the year. Another 13 per cent were employed between 40 and 48 weeks while only 65 per cent were employed full time. The burden of unemployment has fallen most severely on

Table XXXIII. Occupation of Principal Breadwinner and Number of Weeks Employed—Year prior to Purchase of Home—Home Purchased in 1922 or Later.
(605 Buffalo Families.)

Occupation	Weeks employed									Average number of weeks employed	
	0	13-17	18-22	23-27	28-32	33-37	38-42	43-47	48-52		Total
Public work.....	..	..	..	..	..	..	4	..	35	39	49
Professional.....	..	..	..	..	1	..	1	..	21	23	49
Proprietary.....	..	..	..	..	2	2	1	..	59	64	49
Clerical.....	..	..	1	..	..	1	1	2	95	100	49
Skilled.....	1	1	1	4	7	3	23	15	229	284	48
Semi-skilled.....	..	..	1	..	..	2	3	4	43	53	48
Unskilled.....	..	..	..	..	..	1	6	4	31	42	48
TOTAL.....	1	1	3	4	10	9	39	25	513	605	

Table XXXIV. Occupation of Principal Breadwinner and Number of Weeks Employed in 1930—Home Purchased in 1922 or Later.
(602 Buffalo Families.)

Occupation	Weeks employed										Average number of weeks employed	
	0	8-12	13-17	18-22	23-27	28-32	33-37	38-42	43-47	48-52		Total
Public work...	..	..	..	..	..	..	..	4	..	35	39	49
Professional...	..	..	..	1	..	2	..	1	..	20	24	47
Proprietary...	1	2	1	..	2	3	1	4	1	45	60	44
Clerical...	..	..	..	3	3	..	..	5	4	82	97	48
Skilled...	1	6	3	10	9	17	15	30	13	176	280	43
Semi-skilled...	..	1	1	..	4	5	6	6	8	26	57	42
Unskilled...	3	..	..	3	3	6	1	5	..	24	45	39
TOTAL....	5	9	5	17	21	33	23	55	26	408	602	

the manual workers and the proprietary group. Another measure of unemployment which may be gotten from these tables is the ratio of full-time employment during 1930 to full-time employment during the year prior to home purchase. This is shown in Table XXXV.

The question has been raised earlier as to how far increases in age may be accompanied by increases in income. For a static comparison, a tabulation of the breadwinner's income according to age was made. This showed both for a group of 382 manual workers—skilled, semi-skilled and unskilled—and a group of 187 mental workers engaged in public work, professional, proprietary and clerical occupations, that there was no perceptible tendency for incomes to be higher among the older-age groups. Owing to

**Table XXXV. Ratio of Full-Time Employment during 1930
to Full-Time Employment during the Year
Prior to Home Purchase.**

Occupational group	Ratio
Public work	1.00
Professional	.95
Proprietary	.76
Clerical	.86
Skilled workers	.77
Semi-skilled workers	.60
Unskilled workers	.77

the limited sample, this tendency cannot be taken as general for all heads of families in the population.

For a dynamic comparison a similar tabulation was made for 1930, and compared with the preceding one. As has previously been pointed out, average income between the time of purchase of the home and 1930 decreased as a function of the industrial depression, and no positive results could be obtained from this analysis.

VIII. Miscellaneous Relationships

No significant relationship was found between the number of members of the family and the number of rooms in the house, the average number of rooms per family ranging from 6.5 to 7.0 for each size of family ranging from 2 to 9 members.

Data obtained in the studies developed the fact that 537, or 90 per cent of the 597 houses built since 1930, were sold during the same year in which they were constructed, while another 8 per cent remain unsold for only one year.

IX. Summary

Family Income and Mortgage Costs

Tables XXV, XXVI, XXVII-a, and XXVII-b exhibiting the information on the relation of family income to mortgage payments, are the central result of this study. The important fact is that in 1930 mortgage costs among these low-income families (it must be remembered that no incomes in excess of \$3,000 were included) have little, if any consistent proportion to family income in that year. The United States Bureau of Labor Statistics' study of cost

of living made in 1918 showed for Buffalo an increase in annual amount paid for rent from \$150 to \$270 as income increased up to \$2,500. In this study, only families who were living in rented homes were included, but the amount of rent paid increased as the family income increased. The present study aimed to investigate conditions of families with the same general income range, but living in owned homes rather than rented and, of course, after the lapse of 12 years. It seems strange then that no consistent relation should be found between mortgage costs and income. To avoid concealed noncomparability, the data were subdivided in two directions:

1. Single houses and two-family houses are quite obviously not comparable in a study of mortgage costs; the two were accordingly tabulated separately.
2. Amortized and unamortized mortgages cannot be compared since the cost of the former includes both periodic interest payments and payments on principal, whereas the latter covers only interest charges.

In none of the tables resulting from this subdivision of the data was there any evidence of a persistent tendency for mortgage costs to change with income. This result was so much at variance with the reasonable expectation that a study of the original schedules was resorted to. They show that, when mortgages are unamortized, down payments are frequently fairly large so that the purchaser's equity is enough to justify lenders in carrying mortgages on an unamortized basis. In other cases, the second mortgage originally carried on the property has been discharged and here, also, the purchaser's equity is large enough to warrant lenders carrying the remaining mortgage on an unamortized basis. Neither of the above cases gave any evidence of progression in mortgage payments with increasing income. There remains under the head of unamortized mortgages those cases in which the down payment was small and no subsequent increase had been made in the purchaser's equity. They, likewise, show no relation between mortgage payments and income.¹³

With scattered exceptions, the properties on which the mortgages were amortized had small down payments so that the mortgage payments represent interest on mortgages covering a large part of the purchase price and an amount for amortization which presumably would be adjusted to the purchaser's ability to pay.

¹³ For suggested limitations on these conclusions, see footnote 11, p. 111.

It follows that these mortgage payments should increase with increasing income, if the families having large incomes live in higher-priced homes. Such a relation was even less apparent from study of the individual schedules than it was from Tables XXV to XXVII-b.¹⁴

Again, it must be repeated that this study deals only with low-income families, and it may well be that for this group such elements as the relatively large proportional variations concomitant with small, absolute variations in expenditure, together with the effect of such imponderables as the special psychological factors involved in home purchase by families of modest means, may serve to upset the normally expected correlation between income and housing cost.

Mortgage Cost as a Percentage of Income

The second major result is the amount and percentage of family income which is absorbed in mortgage payments. Following the same subdivision as was employed in the preceding paragraphs, the results are summarized in the table below:

Type of house	Number of houses	Mortgage conditions	Average annual mortgage cost (dollars)	Average annual family income (dollars)	Average mortgage cost expressed in percentage of average income
Single.....	381	Amortized....	504	2,032	25
Single.....	254	Nonamortized	216	2,023	11
Two-family...	82	Amortized....	576	2,271	25
Two-family...	58	Nonamortized	324	1,966	16

About 25 per cent of income is required for mortgage payments on amortized mortgages and considerably less when mortgages are not amortized. The results for two-family houses are scarcely trustworthy because of the small number of cases considered. In connection with this result the question of taxes was raised. Investigation showed that the city and county tax rate combined for the year 1930 was \$33.22 per \$1,000 of assessed valuation. Usually, the tax bill of the owner of a single-family house included in this study would range between \$175 and \$225. The tax on two-family houses would, of course, be somewhat higher. In this supplementary computation, average taxes applied to average income showed that 9 per cent of income was applied to payment of property taxes. This would mean that for the home owners in this study, having both interest and amortization payments to meet, the

¹⁴ For suggested limitations on these conclusions, see footnote 11, p. 111.

combined yearly charges for financing and taxation amount to 34 per cent of the average family income.

Purchase Price of Property and Mortgage Costs

For all of the properties purchased since 1922, the amount of the first mortgage represents a little more than 50 per cent of the purchase price, and the down payment and second mortgage each represents about 25 per cent of the purchase price. The cash payment is usually a larger percentage of the cost of higher-priced properties and the second mortgage is usually a lower percentage. The first mortgage remains about the same percentage of cost from the lowest-priced to the highest-priced properties. For all of the properties combined, the average amount of mortgage was 77 per cent and the home owner's equity 23 per cent of the purchase price.

Average monthly mortgage costs are \$53 when both mortgages are amortized, \$45 when one mortgage is amortized, and \$27 when neither mortgage is being amortized. From these figures it is seen that when one mortgage is amortized the increase over interest payments is about 67 per cent, but when both mortgages are amortized the additional increase is only some 33 per cent. This suggests that there is an upper limit to the demands which can be made upon home owners in the income group covered from month to month for amortization of mortgages. Further investigation on this point leads to the conclusion that, when mortgages are being amortized, there is a direct relation between mortgage costs and cost of house up to a certain point, but for higher-priced houses the increase in mortgage costs does not keep pace.

Types of Financing Agency

Private individuals, including builders, are the most important holders of first mortgages both amortized and unamortized, followed by savings banks, finance companies, insurance companies, and savings and loan associations, in the order named. The small number of mortgages held by savings and loan associations arises from the fact that these associations usually require amortization of loans, while the first mortgages on the properties of this study are for the most part not being amortized. The second mortgages on these properties are almost entirely in the hands of private individuals. They carry some 90 per cent of both amortized and unamortized mortgages.

CHAPTER VI

A CASE STUDY OF TEN HOME PURCHASING FAMILIES IN THE BUFFALO AREA¹

I. Introductory

As a supplement to the statistical data secured in the Buffalo home ownership study, a series of special case studies was made of ten typical families included within the larger study. The purpose of this supplementary study was to attempt to secure through informal interviews, some insight into the actual relation to the family economy of the effort involved in purchasing a home.

In each case, the interviewer visited a family with which he had made a contact during the home ownership study (covered by Chapter V), and proceeded on the basis of friendly informality, which this contact had established. Each family was visited during the evening or at some other time when both the husband and wife were present, and they were interviewed for a period ranging from one hour to four hours. The interviewer made certain entries upon a specially prepared schedule and supplemented it by further notations made immediately after the conclusion of the interview. An effort was made in particular to elicit, by means of a rough approximation of the family's annual budget, a statement of the ways in which the budgets have been adjusted to the various vicissitudes of family life so as to permit the family to continue with its home purchasing plans, and also to secure an account of the special advantages or disadvantages which aided or hindered these efforts.

The persons interviewed were asked to give only an approximation of their average annual expenditures, so that there is no exact correspondence between the budgets as reported and the income for the year tabulated. During the present year, in particular, a number of families show incomes below their normal budgets, on account of loss of employment. This fact, together with the small number of cases represented, renders the percentage figures of only very limited significance. The interviews have, however, considerable interest in themselves. More than this, one or two general

¹ Prepared by Dr. Niles Carpenter, Chairman of the Committee on Relationship of Income and the Home, with the assistance of Mr. Thomas Neill of the University of Buffalo.

tendencies are revealed throughout all of them, which are very suggestive.

II. Case Summaries ²

A brief summary of the interviews with each of the ten families follows:

Family Number 1006

This family shows an estimated budget of about \$200 in excess of actual income. It reports that it expects to "get by" by simply ceasing to make any considerable purchase for clothing, furniture and furnishings and for health, insurance, recreation and other "miscellaneous" items. For the past 3 years the family has enjoyed good health and has had to spend little for doctor's bills and hospital bills. It is obvious that if sickness, further curtailment of income or any other vicissitudes strike this family, it will have a very difficult time maintaining itself. The amount expended for life and accident insurance (\$45 or 2 per cent) is also very low, particularly for a family with a small child.

The small sum expended for upkeep and repairs, namely, \$25 or 1 per cent, is accounted for, in part, by the fact that the father does all this work himself.

Family Number 1005

This family represents the considerable number of those home buyers, who have "started on a shoestring." The down payment on this home costing \$5,900 amounted to \$50 and as a consequence the carrying charges are heavy, when the value of the house is taken into account. The father does his own work on upkeep and keeps the cost down that way. The expenditures for furniture and furnishings amount to only \$20, or 1 per cent per year, which is the lowest for the entire group included in the study.

This family has encountered two vicissitudes that have impaired its financial stability. In 1929 the birth of a child increased medical expenditures and forced the family to curtail drastically the expenditures for furniture and clothing. Again, in 1931, the father lost his position and is now earning only about \$20 per week. He was unable to meet the terms of his original financing agreement, but was permitted to make a new arrangement by which both the first and second mortgages were given unlimited

² See tabulated summary, pp. 132-33.

terms, payments on principal being optional. The apparent generosity of the lending agencies is probably accountable, in part, to the fact that the depression of real estate values, together with the small equity built up by the purchaser, would make a foreclosure of dubious value to the lenders.

Family Number 1025

This family consists of two young married people who were so fortunate as to be given \$3,500 as a wedding present, which was used for a down payment on their new home. They were consequently able to secure a relatively high-priced house without incurring particularly heavy carrying charges.

It is interesting to observe that the total cost of upkeep, repairs and improvements is \$85, or about 4 per cent, which is fairly high for this group of families. The fact that the father is a clerk and is probably not so "handy" as many of the other householders included in this study, may account for this fact. The item for furniture and furnishings is, however, low, amounting to only \$25. This family is one of the two in the ten studied which budgets any money for savings and investments aside from that put into the house. In this case the quota amounts to \$200 per year or about 10 per cent.

Family Number 1027

Like the preceding family, family number 1027 was able to make a substantial initial payment on its home, this payment amounting to \$2,000 out of a total selling price of \$5,700. This sum came from previous savings. It should be observed that the father works for a large corporation and has enjoyed steady employment for a considerable period. He spends only \$15 per year on upkeep, and nothing at all on repairs and improvements. Being a mechanic, he is able to do virtually all of the work that is required for these purposes. This family, like the one next previously described, also makes a substantial saving in addition to the money invested in the home, these savings amounting to \$200 per year or about 9 per cent.

Family Number 1035

This is the second of the ten families studied which has financed the purchase of its home with the aid of a "windfall." It obtained the funds for making the initial payment on its home through an inheritance, which amounted to \$1,000. Nevertheless, it should be

observed that, in common with most of the families included in this series, it budgets nothing for savings and investments outside of what is put into the house. Over \$500 per year is, however, devoted to life and accident insurance, which is far in excess of the amount of this item in any other family. The expenditures for upkeep, repairs and improvements are fairly high, amounting to \$105 per annum. Even so, the father utilizes his summer vacation to do painting and paperhanging and the like.

Family Number 4113

This family has been engaged in purchasing its home since 1918 and, there having occurred no particular vicissitudes, either as to unemployment or sickness, it has been able to carry on with its financing without any great hardship. It should be observed, however, that the original selling price of the house, namely, \$3,500, is not high. Also, the family enjoys the advantage of having an unlimited first mortgage upon the principal of which payments are made optionally. The clothing budget is small as compared with the other families, but this fact is largely explained by the fact that the wife is skilful with the needle and makes most of her own and the small niece's clothing. Expenditures for upkeep amount to \$20 per year; those for repairs and improvements are nil.

Family Number 1415

This case is one of the most interesting of those included in the study. The original selling price of the house was only \$1,050, the house when purchased being merely a 3-room frame affair without a cellar. The year following the purchase of the house, expenditures were reduced to absolute necessities, and \$300 put into the house. The third, fourth and fifth years following the purchase, approximately \$100 a year had to be spent on medical expenses for the daughter. Nevertheless, during this time a garage was built at an outlay of \$100. During the sixth year, the house was completely remodeled and the basement was built, the total cost being \$1,700. In the seventh year, screens and storm windows were added. In the eighth year, the family had begun to settle down to "normal," but in the ninth year an illness of the wife and an operation following it entailed an outlay of \$450 and forced the budget to be reduced once more to bare necessities. During the current year, no vicissitudes have been encountered, and the family considers that it is getting along fairly well.

The father supplements the income by making Christmas tree ornaments at home, his wife helping him. He also paints his neighbors' houses. More than this, he has, himself, done practically all the work on remodeling and maintaining his own house. It is interesting to observe that the father gave as the main satisfaction derived from owning his home, "family freedom." Assuredly here is a family which has a very strongly developed sense of solidarity and which has made literally herculean efforts to acquire and keep its home.

Family Number 4121

This family was able to make a \$2,500 first payment on a \$4,000 house, the source of the payment being previous savings. In this connection, note may be made of the fact that the father, being a government employee, is able to enjoy a steadier employment than do most low-income families. Expenditures for furniture and furnishings are relatively high, amounting to \$100 per year, but this family, like the one next previously described, has been practically building its home as it has gone along, so that expenditures for these items have been heavy. During the eight years that have elapsed since the house was purchased, interior partitions have been built and plastered; plumbing has been installed, and the bathroom fitted up; a porch has been added and a coal cellar excavated under the porch. In addition, during the third year, medical bills of \$175 have had to be met. The father has done virtually all the work involved in altering and maintaining his home. The daughter is preparing for a musical career, and over \$500 per year is being spent for her music lessons.

Family Number 1026

The house was purchased in 1928 with a first payment of \$600, which was derived from savings. During the first year a son was born. Also, a pavement tax of \$50 running over a period of 3 years was added to the expenses that had to be anticipated. These two burdens placed a considerable strain upon the family and forced its members to pare their expenditures to an absolute minimum. The father is employed in a wholesale house and is able to purchase much of the material required for repairs and upkeep from this concern. Moreover, he does all the work involved in these items himself. Consequently, he is able to hold down his expenditures for these two purposes to the low sum of \$20 per year.

Family Number 1010

The most noteworthy feature of this family's budgetary scheme is the slight excess which it shows of expenditures over income. This excess is not large, but is probably sufficient to reduce the family to something approaching the psychological situation immortalized by Dickens in *David Copperfield*—"Annual income, twenty pounds—annual expenditure, nineteen, nineteen six—result, happiness: Annual income, twenty pounds—annual expenditure, twenty pounds, ought and six—result, misery." The almost infinitesimal amount of money expended on recreation and books and magazines is also deserving of particular attention. The father of this family does all his own painting and decorating, and calculates that he saves about \$60 a year by so doing.

III. Summary and Interpretation

The outstanding impression derived from consideration of these case studies is that many of these families appear to have been especially advantaged in comparison with other families within the same income class. In the majority of them, the chief breadwinner, himself, has been able to do most of the work involved in the maintenance and repair of his home, because of his special skill, ability to purchase materials advantageously, or by reason of leisure time. In some cases he has even undertaken major remodeling or building.

In some cases the family has been the recipient of a "windfall" in the form of a legacy or a gift which has been applied to the home purchase. In certain other cases the chief breadwinner has enjoyed greater security of occupational tenure than is the case among ordinary wage earners.

In sum, one is probably not justified in concluding that such success as these families have achieved in the venture of home ownership is accessible to families of moderate incomes in general. One is rather led to the inference that their success is in some measure due to the special advantages they have enjoyed.

A second generalization suggested by the case analysis is that certain families are able to go on in their home purchasing enterprise in spite of very serious vicissitudes such as unemployment, sickness, unforeseen tax payments and the like. This generalization dovetails with the one suggested by the Buffalo home ownership study, namely, that many home buying families restrict expenditures for individualistic purchases and concentrate their eco-

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Summary Tabulation—Buffalo Case Study

Case number. Size of family.	1006 2A*-1C†		1005 2A-2C		1025 2A-1C		1027 2A-1C		1035 2A-3C	
	Draftsman		Carpenter		Clerk		Mechanic		Teacher	
Father's occupation.....										
Total earnings (income).....										
Total approximate budget.....										
Date of home purchase.....										
Original selling price.....										
Amount of down payment.....										
Budget distribution (dollars)										
Food.....	750		625		600		675		940	
Clothing.....	200		195		160		275		350	
Fuel and light.....	185		135		200		110		200	
Furniture and furnishings.....	100		20		25		150		150	
Housing.....	934		718		420		482		526	
Taxes.....	165		160		150		140		140	
Upkeep.....	12		20		75		15		55	
Insurance (property).....	15		18†		10		7†		17†	
Repairs and improvements.....	10		10		10		none		50	
Financing.....	732		510		175		300		264	
Principal.....	390		336		175		150		264	
Interest.....	342		174		none		150		none	
Miscellaneous.....	195		615		646		575		1,060	
Life and accident insurance.....	45		165		200		40		100	
Savings and investments.....	none		none		91		75		52	
Charity.....	30		300\$		30		200		surplus on house	
Transportation.....	35		none		90		50		85	
Education.....	10		300\$		10		125\$		250\$	
Recreation.....	25		50		25		75		50	
Budget distribution (percentage)										
Food.....	32		27		29		32		29	
Clothing.....	8		8		8		13		11	
Fuel and light.....	8		6		10		5		5	
Furniture and furnishings.....	4		1		1		1		5	
Housing.....	40		31		20		23		16	
Taxes.....	7.3		7.0		7.0		7.5		4.0	
Upkeep.....	0.6		1.0		3.5		0.7		4.0	
Insurance (property).....	0.7		0.7†		0.4		0.4†		1.5†	
Repairs and improvements.....	0.4		0.3		none		none		0.5†	
Financing.....	31.0		22.0		8.7		none		8.0	
Interest.....	16.5		17.0		8.7		7.2		8.0	
Principal.....	14.5		7.0		none		26.0		none	
Miscellaneous.....	8.0		27.0		32.0		26.0		33.0	
Life and accident insurance.....	2.0		7.0		4.0		3.4		16.0	
Savings and investments.....	none		none		10.0		2.0		surplus on house	
Charity.....	1.0		13.5\$		4.0		5.7\$		8.0\$	
Transportation.....	0.5		0.5		0.5		0.4		1.5	
Education.....	1.0		2.0		1.5		3.5		1.5	
Recreation.....										

CASE STUDY OF TEN BUFFALO HOME BUYING FAMILIES 133

Case number.....	4113	1415	4121	1026	1010
Size of family.....	2A-1C	2A-2C	2A-1C	2A-1C	2A-2C
Father's occupation.....	Truck driver	House painter and interior decorator	Mail carrier	Accountant	Inspector
Total earnings (income).....	\$1,800	\$2,000	\$2,100	\$2,750	\$2,200
Total approximate budget.....	\$1,560	\$1,958	\$2,253	\$2,649	\$2,265
Date of home purchase.....	1918	1918	1923	1928	1929
Original selling price.....	\$3,500	\$1,050	\$4,000	\$6,700	\$6,500
Amount of down payment.....	\$500	\$100	\$2,000	\$600	\$500
Budget distribution (dollars)					
Food.....	400	800	500	675	624
Clothing.....	125	250	250	365	195
Fuel and light.....	110	135	135	145	105
Furniture and furnishings.....	20	30	100	50	25
Housing.....	180	263	248	719	842
Taxes.....	75	55	60	105	110
Upkeep.....	20	30	30	10	45
Insurance (property).....	4	9†	10	14†	17
Repairs and improvements.....	none	15	100	10	10
Financing.....	81	154	48	580	660
Interest.....	81	54	48	280	324
Principal.....	surplus of income	100	none	300	336
Miscellaneous.....	725	480	1,020	695	474
Health.....	100	100	150	25	25
Life and accident insurance.....	115	115	140	110	99
Savings and investments.....	none	none	none	none	none
Charity.....	200	20	100	35	20
Transportation.....	250§	130§	75	320§	300
Education.....	10	90	550	10	15
Recreation.....	50	25	5	195	15
Budget distribution (percentage)					
Food.....	26	41	22	26	27
Clothing.....	8	13	11	14	9
Fuel and light.....	7	7	6	5	5
Furniture and furnishings.....	1	1	4	2	1
Housing.....	12	13	11	27	37
Taxes.....	5.0	2.6	3.0	4.0	5.0
Upkeep.....	1.3	1.5	1.2	0.3	1.9
Insurance (property).....	0.3	0.4†	0.4	0.4†	0.7
Repairs and improvements.....	none	0.7	4.4	0.3	0.4
Financing.....	5.4	7.8	2.0	22.0	29.0
Interest.....	5.4	3.0	2.0	11.0	14.0
Principal.....	surplus of income	4.8	none	11.0	15.0
Miscellaneous.....	46.0	25.0	46.0	26.0	21.0
Health.....	6.0	5.0	7.0	0.9	1.1
Life and accident insurance.....	7.0	6.0	6.0	4.1	4.3
Savings and investments.....	none	none	none	none	none
Charity.....	13.0	1.0	4.0	1.3	1.0
Transportation.....	16.0	7.0§	3.0	12.0§	13.2
Education.....	1.0	5.0	25.0	0.4	0.7
Recreation.....	3.0	1.0	1.0	7.3	0.7

* A = adults. † C = child or children. ‡ Includes protection on furniture. § Automobile.

conomic efforts upon the home and upon the interests centering in the home, as represented by house furnishings and equipment. In other words, the family that launches upon the purchase of a home would seem to be one which had a sense of solidarity so strongly developed as to enable its several members to forego the indulgence of their individual needs and wants for the sake of the joint satisfactions attendant upon the acquisition and furnishings of a home. Here again, one is led to question whether such families as these are typical of American householders in general. Nevertheless, whether they are or not, it may be possible to increase their number and, thereby, to increase the number of home purchasers, by such forms of public education as will strengthen the attitudes of loyalty and pride in the home and the family. A further point might be made, namely, that those families equipped with more than the usual degree of perseverance and strength of character have the advantage in the adventure of home purchase although such personality factors as these must necessarily escape the processes of statistical tabulation.

A fourth point suggested by this case analysis of ten Buffalo families is that some of them are seriously underbudgeting certain expenditure items. This observation applies in particular to savings and investments other than insurance and the purchase of the home. Others are virtually ignored in all but one or two families studied. In this connection attention should also be directed to the fact that the Buffalo home ownership study found that the majority of families included in its purview had decreased their outlays for other savings and investments. While the house, in itself, is an investment, it lacks such features as liquidity and ready salability. Moreover, since its purchase is ordinarily financed by means of mortgages, it is of little value as a source of other short-time loans. Consequently, the family which makes no provision for savings and investments other than that represented by its home is in danger of meeting serious financial embarrassment in time of sudden stress. Insurance can, of course, be borrowed upon, but only at the risk of impairing or even of entirely wiping out the bulk of the family's security against the death of its chief breadwinner. In short, this study suggests that, when the whole range of the family's expenditures is taken into account, the effort to purchase a home on the part of some families may not, under present conditions, be well advised.

CHAPTER VII¹

PROPORTION OF HOMES OWNED AND RENTED BY VALUATION CLASSES IN 1930

Federal census data which have become available since the original report was written, are of considerable interest in connection with the variations shown in the distribution of the proportions owned and rented in the various valuation or rental classes of homes. The information now available provides a sample for different parts of the country, although it is necessary to combine the rental and value groups on the basis of an estimated relationship. In the discussion which follows, the combination was made on the basis of a relationship in which the annual rental is equal to 10 per cent of the value of the dwelling. In adjusting data on this basis, it should be realized that this relationship may vary from place to place and that it may fluctuate considerably from one period of the business cycle to another.

Referring to Table I, which presents the ownership and rental situation in ten representative cities of the country, it will be noted that there is a wide variation in the proportions in the different value or rental classes from one city to another. In Milwaukee, about 4.4 per cent of the families live in dwellings valued under \$2,000, while in Birmingham, 38.2 per cent of the families live in dwellings worth less than \$2,000. At the other end of the value range, we find that in Washington, D. C., 21.8 per cent of the families live in homes worth more than \$10,000, while in Salt Lake City, only 4.2 per cent live in homes valued at this figure or above. The corresponding conditions at the opposite ends of the value range for the cities mentioned are presented in the following table:

City	Value or rental equivalent under \$2,000, expressed in percentage	Value or rental equivalent over \$10,000, expressed in percentage
Milwaukee.....	3.3	9.2
Birmingham.....	38.2	5.9
Washington.....	3.9	21.8
Salt Lake City.....	14.5	4.2

¹ Prepared under the direction of Mr. James S. Taylor, Chief of the Division of Building and Housing, U. S. Department of Commerce.

It will be noted in the above data taken from Table I that Birmingham, while it has the greatest percentage under \$2,000, has a relatively small proportion of homes valued above \$10,000. Washington has a high proportion over \$10,000 and a relatively low proportion under \$2,000. Milwaukee and Salt Lake City, however, show a much smaller variation.

The percentage of ownership in the cities presented in Table I varies from a low of 29.3 per cent in Atlanta to 50.0 per cent in Salt Lake City. It will be noted in Table I that the percentage of ownership is the lowest in the low-value and low-rental classes in the eastern industrial cities.

A universal tendency is indicated in Table I for the proportion of ownership to increase as the value of the dwelling increases. The percentages of ownership tend to be higher in the higher-value groups, in all of the cities presented. It will also be noted that while the tendency is for the percentages owned to increase with the increasing value, nevertheless, with few exceptions, the lowest-value or -rental class has a higher proportion of ownership than those immediately above it. However, in all of the cities in the table, the importance of this lowest class is small and in a number of them it is negligible.

Table II presents the proportion of urban and rural nonfarm homes by ownership and rental classes and proportions owned for seven states. While there is a wide variation in the proportions in the different value or rental classes, there is a definite indication that relatively larger proportions of rural families live in the lower-valued homes than is the case in the cities. Value, of course, may not be an accurate index of the comparative qualities of urban and rural homes. The proportion of families living in homes worth less than \$1,000 varies in Table II from 1.1 per cent in urban Connecticut to 50.8 per cent in rural Georgia. The number of urban families living in houses worth under \$2,000 varies from 7.7 per cent in Connecticut to 49.8 per cent in Georgia. The number of urban families living in houses worth more than \$10,000 varies from 3.6 per cent in New Hampshire and Arkansas to 13.7 per cent in Connecticut. The proportion of rural nonfarm families living in houses worth less than \$2,000 varies from 19.0 per cent in Connecticut to 78.3 per cent in Arkansas, while the proportion of rural nonfarm families living in houses valued at over \$10,000 varies from 13.4 per cent in Connecticut to 0.6 per cent in Ar-

kansas. Summary figures at both extremes of the value range for the states just mentioned are presented below:

Environment and State	Value or rental equivalent under \$2,000	Value or rental equivalent over \$10,000
Urban:		
Connecticut.....	7.7%	13.7%
Georgia.....	49.8%	4.2%
Arkansas.....	42.8%	3.6%
New Hampshire.....	22.7%	3.6%
Rural nonfarm:		
Connecticut.....	19.0%	13.4%
Arkansas.....	78.3%	0.6%

In the above data taken from Table II, it will be noted that the variations in some states are much greater than in others.

The percentage of ownership as presented in Table II shows relatively wide variations from one area to another and from one value class to another. In most cases, the percentages of owner-

DISTRIBUTION OF HOMES BY OWNERSHIP AND RENTAL GROUPS-1930

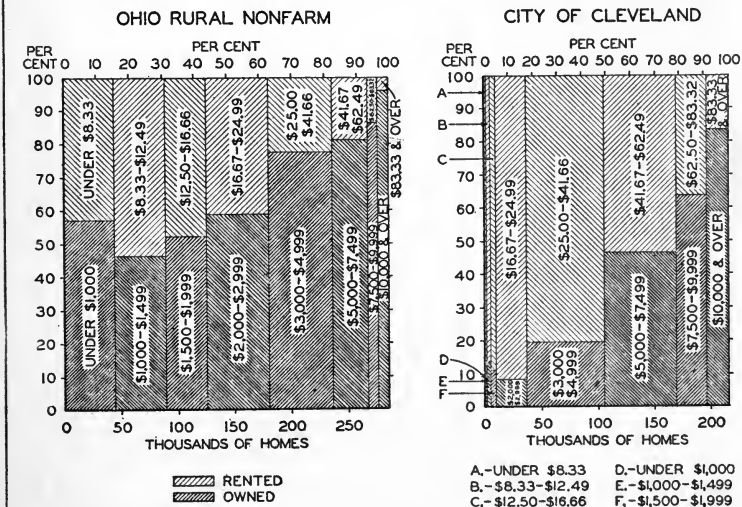


Table I. Proportions of Homes by Value or Rental Classes and Proportions Owned—Selected Cities.

	New Haven		Bridgeport		Washington, D. C.		Cleveland		Cincinnati	
	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class
Value and monthly rental classes										
Owned under \$1,000—or rented under \$8.33.....	0.3	6.5	0.9	17.8	0.4	18.2	0.5	10.1	1.8	5.2
Owned \$1,000-\$1,499—or rented \$8.33-\$12.49.....	1.9	4.8	3.8	7.4	1.2	15.5	1.3	13.7	4.0	6.4
Owned \$1,500-\$1,999—or rented \$12.50-\$16.66.....	3.2	2.9	7.3	6.0	2.3	9.1	2.3	10.7	9.3	4.3
Owned \$2,000-\$2,999—or rented \$16.67-\$24.99.....	19.6	2.7	23.3	6.3	7.5	9.6	13.1	8.2	16.6	8.3
Owned \$3,000-\$4,999—or rented \$25.00-\$41.66.....	28.6	12.2	32.5	17.9	19.0	15.3	31.6	19.4	24.2	23.3
Owned \$5,000-\$7,499—or rented \$41.67-\$62.49.....	20.9	37.1	18.2	53.3	29.9	27.4	29.5	46.6	18.5	54.4
Owned \$7,500-\$9,999—or rented \$62.50-\$83.32.....	9.6	54.2	6.9	75.1	17.9	58.0	12.7	63.7	11.3	66.3
Owned \$10,000-\$14,999—or rented \$83.33-\$124.99.....	7.3	89.4	4.6	93.9	13.2	71.8	6.3	85.3	8.2	84.6
Owned \$15,000-\$19,999—or rented \$125.00-\$166.66.....	4.8	79.7	1.3	89.3	4.4	78.8	1.4	83.4	3.0	86.0
Owned \$20,000 and over—or rented \$166.67 and over.....	3.8	91.1	1.2	83.8	4.2	81.9	1.3	75.8	3.1	84.9
GRAND TOTAL.....	100.0	31.0	100.0	29.6	100.0	39.1	100.0	37.0	100.0	37.5

	Milwaukee		Denver		Salt Lake City		Atlanta		Birmingham	
	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class	Families in each class in percentage of grand total	Percent- age of homes owned in each class
Value and monthly rental classes										
Owned under \$1,000—or rented under \$8.33.....	0.3	24.4	2.8	62.3	1.9	52.5	5.7	15.4	9.5	12.4
Owned \$1,000—\$1,499—or rented \$8.33—\$12.49.....	1.1	19.1	5.4	40.9	5.3	32.3	16.0	7.9	13.8	12.1
Owned \$1,500—\$1,999—or rented \$12.50—\$16.66.....	1.9	17.4	7.4	33.9	7.3	38.9	10.9	11.0	14.9	12.2
Owned \$2,000—\$2,999—or rented \$16.67—\$24.99.....	11.1	18.3	16.8	36.3	21.3	35.6	17.3	17.0	16.6	24.0
Owned \$3,000—\$4,999—or rented \$25.00—\$41.66.....	31.9	31.2	33.4	39.8	34.9	52.9	20.7	36.2	19.8	43.4
Owned \$5,000—\$7,499—or rented \$41.67—\$62.49.....	30.6	50.3	22.0	55.0	20.6	59.4	16.1	45.1	14.4	60.2
Owned \$7,500—\$9,999—or rented \$62.50—\$83.32.....	13.9	57.8	6.4	58.9	4.5	60.1	6.9	52.5	5.1	62.5
Owned \$10,000—\$14,999—or rented \$83.33—\$124.99.....	6.4	71.9	3.6	74.3	2.4	87.4	3.9	67.0	3.2	80.2
Owned \$15,000—\$19,999—or rented \$125.00—\$166.66.....	1.4	84.8	1.0	86.5	0.8	82.1	1.2	81.3	1.2	86.6
Owned \$20,000 and over—or rented \$166.67 and over.....	1.4	75.4	1.2	85.1	1.0	70.3	1.3	86.0	1.5	89.4
GRAND TOTAL.....	100.0	42.9	100.0	46.3	100.0	50.0	100.0	29.3	100.0	34.1

Table II. Proportions of Urban and Rural Nonfarm Homes by Ownership and Rental Classes and Proportions Owned—Selected States.

Value and monthly rental classes	New Hampshire				Connecticut				Ohio				Iowa			
	Urban		Rural nonfarm		Urban		Rural nonfarm		Urban		Rural nonfarm		Urban		Rural nonfarm	
	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total	Families in each class age of homes in each class age of total	Per-cent-ages in each class age of homes in each class age of total
Owned under \$1,000—or rented under \$8.33.....	4.3	26.5	16.8	54.0	1.1	9.3	4.5	22.9	1.5	36.8	15.5	57.0	3.9	59.2	12.9	56.8
Owned \$1,000-\$1,499—or rented \$8.33-\$12.49.....	6.9	22.0	16.6	50.3	1.2	18.7	7.1	20.5	2.3	38.0	15.6	46.3	6.9	43.0	15.1	48.8
Owned \$1,500-\$1,999—or rented \$12.50-\$16.66.....	11.5	19.4	16.8	44.1	5.4	5.7	7.4	22.3	5.0	24.4	12.5	52.3	9.3	37.3	15.5	44.9
Owned \$2,000-\$2,999—or rented \$16.67-\$24.99.....	28.1	23.7	21.4	60.2	16.7	7.9	15.5	31.0	14.6	25.9	19.5	59.1	17.6	45.5	24.6	52.7
Owned \$3,000-\$4,999—or rented \$25.00-\$41.66.....	28.2	52.8	18.5	78.4	31.6	19.0	24.0	53.6	32.3	37.8	19.9	77.7	33.6	50.6	20.3	83.2
Owned \$5,000-\$7,499—or rented \$41.67-\$62.49.....	14.2	75.0	6.2	93.3	21.6	48.3	19.6	79.2	25.0	60.8	11.1	81.3	19.8	69.5	9.1	94.6
Owned \$7,500-\$9,999—or rented \$62.50-\$83.32.....	3.2	95.4	1.7	65.9	8.7	70.1	8.5	86.5	9.6	69.7	2.8	86.3	4.9	75.8	1.4	99.5
Owned \$10,000-\$14,999—or rented \$83.33-\$124.99.....	2.5	97.2	1.3	90.2	7.6	89.1	7.3	95.7	5.8	86.7	1.8	96.2	2.8	84.4	0.8	84.4
Owned \$15,000-\$19,999—or rented \$125.00-\$166.66.....	0.6	97.1	0.4	90.0	3.3	92.0	2.6	87.9	2.1	79.6	0.6	94.0	0.7	94.4	0.2	85.9
Owned \$20,000 and over—or rented \$166.67 and over.....	0.5	98.8	0.3	96.0	2.8	90.5	3.5	93.3	1.8	92.4	0.7	97.0	0.5	98.2	0.1	61.3
GRAND TOTAL.....	100.0	43.7	100.0	61.0	100.0	36.8	100.0	57.2	100.0	48.9	100.0	64.0	100.0	54.8	100.0	62.5

PROPORTION OF HOMES OWNED AND RENTED

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Value and monthly rental classes	Arkansas				Arizona				Georgia			
	Urban		Rural nonfarm		Urban		Rural nonfarm		Urban		Rural nonfarm	
	Families in each class in percent- age of total	Percent- age of homes owned in each class	Families in each class in percent- age of total	Percent- age of homes owned in each class	Families in each class in percent- age of total	Percent- age of homes owned in each class	Families in each class in percent- age of total	Percent- age of homes owned in each class	Families in each class in percent- age of total	Percent- age of homes owned in each class	Families in each class in percent- age of total	Percent- age of homes owned in each class
Owned under \$1,000—or rented under \$8.33.....	17.8	34.3	47.5	38.2	11.2	40.6	32.7	55.9	25.9	15.8	50.8	22.7
Owned \$1,000—\$1,499—or rented \$8.33—\$12.49.....	12.8	33.4	21.2	34.9	6.9	35.7	14.9	30.2	11.9	20.4	15.8	28.8
Owned \$1,500—\$1,999—or rented \$12.50—\$16.66.....	12.2	30.4	9.6	50.3	6.9	35.0	12.6	26.9	12.0	15.3	8.6	37.2
Owned \$2,000—\$2,999—or rented \$16.67—\$24.99.....	19.1	37.8	11.2	58.3	18.6	23.7	16.5	32.5	15.0	23.0	10.4	55.3
Owned \$3,000—\$4,999—or rented \$25.00—\$41.66.....	21.6	51.2	7.0	73.8	28.9	32.6	15.1	45.0	15.8	40.1	7.5	74.3
Owned \$5,000—\$7,499—or rented \$41.67—\$62.49.....	10.4	64.1	2.3	84.0	16.9	47.3	5.5	56.6	10.9	53.7	3.2	85.7
Owned \$7,500—\$9,999—or rented \$62.50—\$83.32.....	2.5	84.3	0.6	69.4	5.3	45.9	1.5	43.3	4.3	56.2	1.1	71.1
Owned \$10,000—\$14,999—or rented \$83.33—\$124.99.....	2.2	87.4	0.4	89.1	3.0	74.5	0.6	88.8	2.3	91.9	1.3	70.5
Owned \$15,000—\$19,999—or rented \$125.00—\$166.66.....	0.8	85.9	0.1	84.5	1.2	59.7	0.3	46.6	1.0	80.9	0.5	91.5
Owned \$20,000 and over—or rented \$166.67 and over.....	0.6	92.5	0.1	86.0	1.1	84.4	0.3	87.1	0.9	95.7	0.8	89.7
GRAND TOTAL.....	100.0	44.3	100.0	45.0	100.0	37.6	100.0	43.0	100.0	30.1	100.0	36.2

ship of rural nonfarm homes is higher than the percentages of urban homes owned. Of the seven states presented, Iowa has the highest proportion of ownership of urban homes (54.8 per cent), while Georgia has the lowest (30.1 per cent). Ohio has the highest proportion of rural nonfarm homes owned (64.0 per cent), while Georgia has the lowest (36.2 per cent). The sample presented in Table II indicates that the tendency for lower-valued houses to be rented rather than owned, is much stronger in the eastern industrial states than in other parts of the country.

A comparison of the conditions in the City of Cleveland with that of the situation in the State of Ohio as a whole is made in the chart on page 137. Approximately 82 percent of the rural nonfarm homes (including villages of 2,500 population and under) in Ohio are valued at under \$5,000, while in the City of Cleveland 50 per cent are valued under this figure. In the City of Cleveland about 5 per cent of the homes are valued at under \$2,000, while about 44 per cent of the rural nonfarm homes are valued at under this figure. The chart clearly shows a much higher proportion of ownership in all of the rural nonfarm groups as compared with the corresponding Cleveland group. This difference is especially marked in the lower-value and -rental groups.

APPENDIX

SUPPLEMENTARY RECOMMENDATIONS ON RECONDITIONING, REMODELING AND MODERNIZING¹

1. Carrying out of needed and practicable reconditioning, remodeling and modernizing should be done to preserve or increase sale and loan values through prevention of depreciation or obsolescence and through improvements also, where these can be made, and moreover to provide a larger supply of safe and sanitary dwellings to meet the needs of the moderate-income groups not now served by new houses.

2. Intelligent and economical methods in such work should be developed. There should be well-advised appraisal of the home, grounds and neighborhood and study of future trends to determine whether and to what degree extensive and permanent work is justified. Plans should be based not on superficial and undesirable standards resulting from high pressure salesmanship and advertising or due to some passing fashion of which the occupants of the house will quickly tire, but on standards of real value to family life and on adequate information of good methods in reconditioning, remodeling and modernizing. Making the home a source of permanent pride and pleasure and a recreational center for the family, can reduce expenditures for recreation in other directions. Introduction of labor-saving features can sometimes reduce the cost of household service or cost of medical care for the overtaxed homemaker.

There should be systematic, frequent and careful inspection in order to do needed work before damage to property, person or health may occur, and to plan work for times when it can be done with least expense and inconvenience. There should also be careful estimate of the cost of the needed work, of the probable future income of the family, and the proportion of this income which may wisely be devoted to the undertaking. There should be judicious, safe, financial arrangements for work in all houses, new and old. Discouragement of home buying should be avoided through prospective home owners securing information as to probable cost of

¹ Prepared by Miss Emily W. Dinwiddie, a member of the committee.

upkeep that they may not undertake more than they can handle.² The man who attempts to buy a home and fails, or finds the arrangement hopelessly unsatisfactory, is a potent influence in keeping others from home ownership.³

It should be borne in mind that the cost of upkeep depends upon the type of dwelling including quality of materials and construction and upon the locality as well as on the time allowed to pass before repairs are made and on whether or not some of the work is done by the owner himself.

Home owners and prospective owners should inform themselves as to what public improvements are likely to be made in the future, the cost of which may be assessed against their property and which will be an expense that must be met in return for values in bringing the home or neighborhood up to modern standards.

Possibilities of use of free time during unemployment periods for improvement of homes by their occupants should be borne in mind.

3. Unwise reconditioning, remodeling and modernizing and injudicious financial arrangements for the work should be discouraged.

4. Popular education is needed as to proper financing of and as to standards and methods of work in reconditioning, remodeling and modernizing. It would be desirable to enlist the aid of every interested agency in educational services to families and communities in relation to such matters. Setting up information centers where possible would be helpful.⁴

² A rough estimate commonly made is approximately 2 per cent for reconditioning that the house may be kept in good repair and renovation and in order to keep up the status as to sale and loan values. Preferably more should be allowed, if practicable, to make improvements to keep up with rising standards.

³ Such agencies as the Philadelphia Housing Association, The Housing Committee of the Brooklyn Bureau of Charities and many others have a considerable amount of data as to the discouraged home owner.

⁴ This is recommended by the Committee on Home Information Centers. See "Homemaking, Home Furnishing and Information Services," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. X, Pt. III.

PART III

CHAPTER VIII

TYPES OF DWELLINGS

The purpose of this study has been to evaluate the different types of dwellings, giving the advantages and the disadvantages of each type, and to indicate, as definitely as it can, sound policy for a community house building program designed to meet the varying needs of different groups in the population.

Effects of Unregulated Building

During the long period of rapid population growth preceding the World War, provision of housing was left almost entirely to the enterprise of private builders whose motive was profit. This enterprise was very little guided or restrained by law or regulations designed to protect the public interest, the interest of occupants of the dwellings, or even the interest of future owners of the dwellings. In rural areas and villages there was practically no regulation. In most of the cities there were building codes that reduced the danger of collapse and the hazard from fire. In some cities housing codes gave a measure of protection to the health and safety of occupants. But modern city planning was in its infancy and zoning was just beginning to be discussed. Inevitably there were abuses. Blighted areas and slums were commonplace. There was an almost universal tendency, even in the smaller urban communities, toward greater and greater land occupancy until it became land overcrowding—the basic evil in bad housing. Following land overcrowding, increasing the ill effects of the land overcrowding, came the construction of multiple dwellings whose builders saw profit in terms of increased population density.

A New Era

Since the World War there has been a significant change. Today it is possible, as it was not in the past, for a community to guide and regulate its house building. Today public interest and private interest, sound social policy and sound economic policy more evidently run together. The decreased rate of population growth has decreased the pressure on the land. At the same time city plan-

ning, the distribution of centers of employment, the rapid extension of hard surfaced highways, and the increased use of automobiles have very greatly extended the amount of land available for housing purposes. Overcrowding no longer pays as it did. Meanwhile zoning regulation has become accepted.¹ New areas can now be protected against the shortsighted exploiter. So, if we know what we should do with our building program, we are in an unprecedentedly good position to do it.

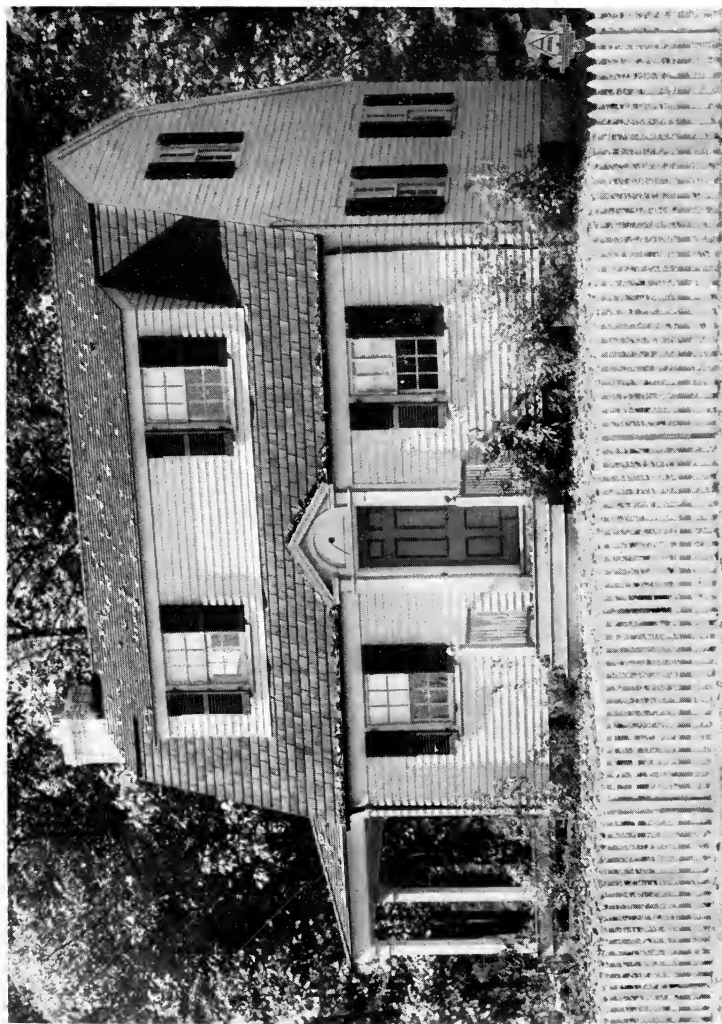
There has been some confusion, however, as to what we should do. In considerable degree this confusion has been due to misunderstanding of terms. The Committee on Types of Dwellings, therefore, began by defining the various types as a prelude to evaluating them. In order that this part of its work might be of greater value, it at once sent its classifications and definitions to the other committees. For it was essential, if the Conference committees were to reach mutually understandable conclusions, that all the committees should give the same meanings to certain words. Most important for this purpose are the words denoting the different types of dwellings.

Classification and Definition

The Committee on Types of Dwellings faced a double difficulty: First, there seemed to be several possible bases for classification, including economic, structural, architectural; second, the same descriptive words often have different meanings in different parts of the country. If one takes account of detail differences, the number of forms our dwellings have assumed is infinite. This is especially true in respect to modern multiple dwellings which range all the way from the solid ranks of row or lot-line buildings familiar in the older sections of our eastern cities, to widespread "garden apartment houses." Again, if one takes account of makeshift uses to which dwellings have been put, as the converted tenement that was once a one-family dwelling, the number of forms becomes large.

But the committee was not drafting a law that must cover every possible modification; it was simply seeking to present, as the basis

¹ See "Planning for Residential Districts," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. I, Chs. I and II. See also reports on "Zoning" by the Division of Building and Housing, U. S. Department of Commerce.



Copyright—The Architects' Small House Service Bureau, Inc.—Home Plan No. 5-F-14

The detached one-family house, a free standing structure with open space on all sides, is common in all parts of the country.



Above—Typical semi-detached one-family houses, Washington, D. C. (Courtesy, The Washington Star.)
 Center—At left, Buffalo income bungalow, developed by converting a detached one-family house, as on the right, into a two-family dwelling by raising the walls and roof.
 Below—A two-family detached house typical of many cities, particularly of New England.

for a constructive program, a clear and understandable picture of the different types of dwellings.

The difficulties, we believe, have been overcome. Discussion made it evident that the classification adopted is not only the simplest, but that it was pertinent to the work of the other committees. If some, for technical reasons, need another classification, as styles of architecture or classes of construction, these can well supplement the general classification here presented. As for words with many meanings, the committee has avoided those like "duplex" and "flat," that have a definite meaning in one part of the country quite different from an equally definite meaning in another part.

Comment of Other Committees Asked

The Committee on Types of Dwellings was cautious in its procedure. Having tentatively adopted its classification and its nomenclature, it asked for comment by other committees. The response was gratifying. A number of constructive suggestions were promptly adopted. Except in the case of the "two-family" dwelling, the words seemed to cause no confusion. But in that case, even where group and row houses are well known and where, consequently, the observer has no difficulty in recognizing that three one-family houses in a group are three one-family houses and twenty-two one-family houses in a row are twenty-two one-family houses, the same observer, seeing two one-family houses side by side, sometimes calls them one two-family house. However, correspondence has led to acceptance of the limitation of a two-family house to a house with "one family above the other."

Types of Dwellings

The committee, therefore, adopted and recommended that the Conference use this accepted classification of types and varieties of dwellings, which groups them into three types with three varieties in each type.² In the case of the multiple dwelling, how-

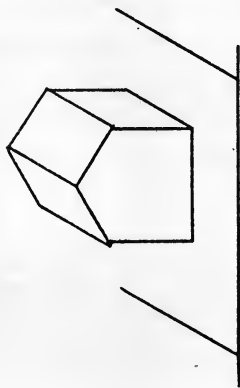
² One committee member says: "In the case of the small house, its very singleness has limited changes to improvements rather than the creation of any new variety. In the case of the multiple dwelling new varieties have emerged only recently; due to their outward physical resemblance to older forms and the continued prevalence of the older forms of multiple dwellings, the new varieties are not readily distinguishable as such; perhaps their evolution as new varieties is still incomplete even though definitely on the way."

Classification of Dwellings

Types.

ONE-FAMILY DWELLING

One family occupying a single house from ground to roof with independent use of land.

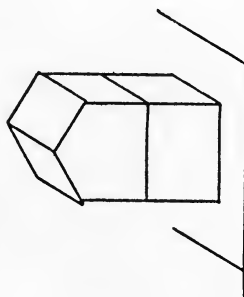


DETACHED

With open spaces on all four sides.

TWO-FAMILY DWELLING

Two families placed one above the other, usually with joint access to the land.

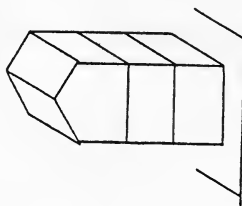


DETACHED

With open spaces on all four sides.

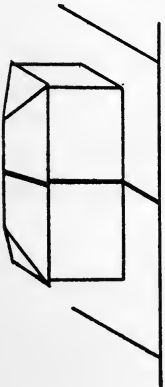
MULTIPLE DWELLINGS

For three or more families usually with joint use of stair halls, entrances and land.



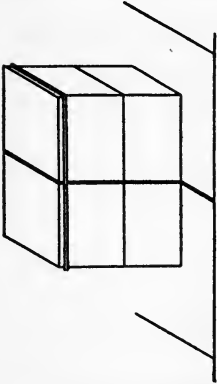
DETACHED

With open spaces on all four sides.



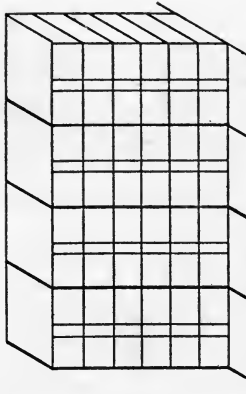
SEMI-DETACHED

One wall of each house is a party wall or built on the lot line.



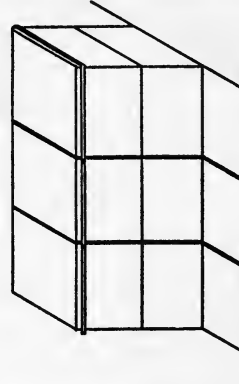
SEMI-DETACHED

One wall of each house is a party wall or built on the lot line.



ROW OR LOT-LINE MULTIPLE DWELLING

Both side walls of all except end houses are party walls or built on the lot lines. End may be a corner.



GROUP AND ROW

Both side walls of all except end houses are party walls or built on the lot lines. End may be a corner.



GROUP AND ROW

Both side walls of all except end houses are party walls or built on the lot lines. End may be a corner.

ever, the number of possible arrangements of family units within a single building is so large and the potentialities of modern construction methods so great that new varieties appear to have been in process of evolution in recent years. These are discussed and illustrated by a member of the committee in one of the appendices.³

Types

1. One-family dwelling.

Designed⁴ for occupancy by one family from ground to roof.

2. Two-family dwelling.

Designed for occupancy by two families, one above the other.

3. Multiple dwelling.

Designed for occupancy by three or more families.

Multiple dwellings range from buildings with self-contained apartments, through the apartment hotel to the hotel.

Varieties

Each of these types may be:

(a) Detached or free standing.

With open space on all four sides.

(b) Semi-detached or twin.⁵

With open space on three sides, the fourth being a party wall or a wall on the lot line.

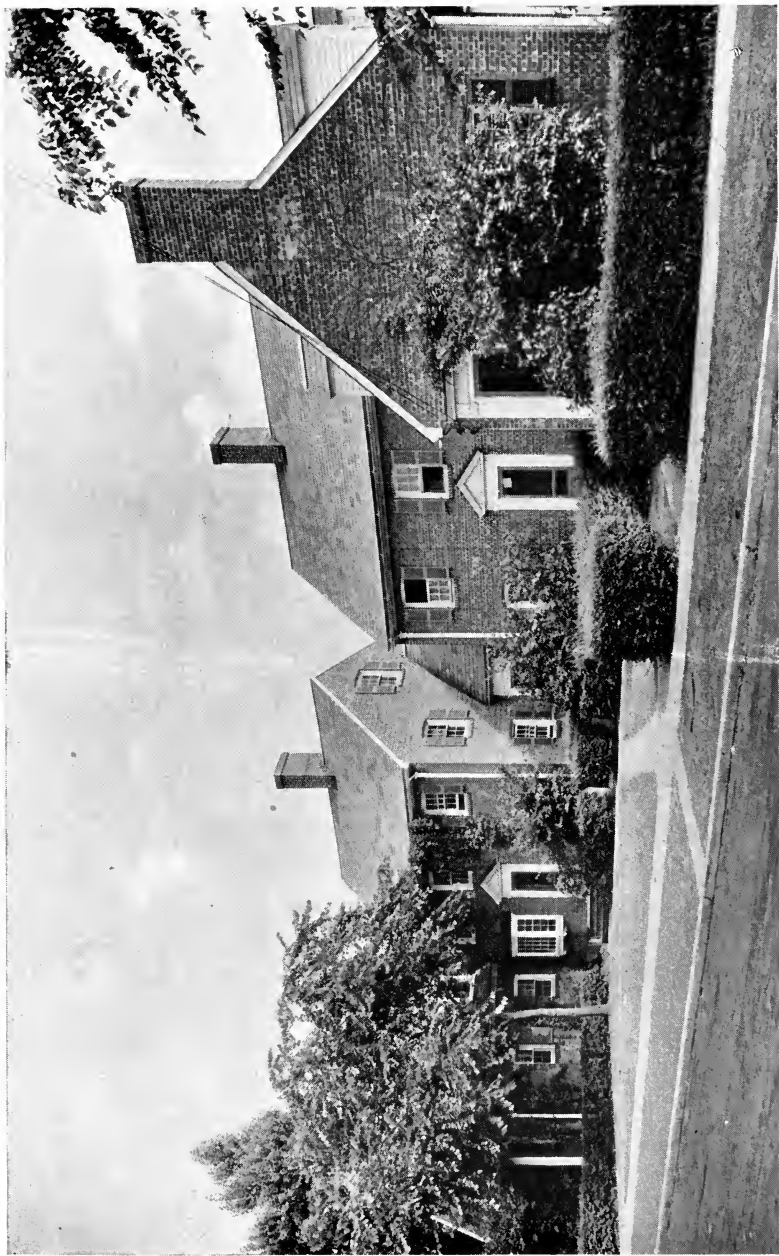
(c) Group and row.

All except the end houses usually having only two sides on open spaces, the other two sides being party walls or walls on lot lines. Group houses, fewer in the unit, lend themselves to more forms of architectural design and plan than do row houses.

³ See Appendix III, "*Diagrams and Descriptions of Types and Varieties of Dwellings*," p. 216.

⁴ Of course a dwelling designed for occupancy by one family may be "converted" to provide for two or more families and so become legally a two-family or a multiple dwelling.

⁵ In some places called a double house.



Courtesy of The Bridgeport Housing Company

Two-family dwellings in an attractive group arrangement. This is part of the development carried out in 1918 by the U. S. Housing Corporation, now operated by the Bridgeport Housing Company.



Above—Semi-detached two-family houses, the so-called St. Louis flat.
 Center—Two-family row houses, Washington, D. C. (Courtesy, Housing Committee,
 Washington Council of Social Agencies.)
 Below—A typical row of lot-line multi-family dwellings in New York City.

Mixed Occupancy

A dwelling of any type combined with a store or other business building.

Discussion of Types and Varieties

In the discussion of types of dwellings it was pointed out that:

1. Each type is, in practice, subject to infinite modifications. The three types may be used together in one development or even in a group or row. "Doubling up" of families in a one-family house does not change the house, but when a one-family dwelling is altered or remodeled to provide distinct and separate accommodations for additional families, then it becomes a two-family or a multiple dwelling.

2. A variety of a type, as the row one-family house in some Atlantic coast cities or the bungalow in some cities of the central states, may be so predominant locally that it seems to be in a class by itself. Yet it remains definitely related to the more neglected members of its class.

3. Certain varieties, perhaps even a type of dwelling, seem to be on the way to oblivion.⁹ The two-family house is not as popular as it was several years ago, despite its recent appearance in new forms in Buffalo and Boston. In Washington the row house seems to be losing popularity. These are dwellings that economize on land. The reasons for their decrease may be of enough significance to justify study by a competent organization. Assuming that the observed tendency is real and continuing, is it perhaps due to the decreasing rate of urban population growth, coupled with the extension of urban area available for residence?

4. Theoretically the different types of dwellings are supplementary, each serving best the needs of some group in the community. They become competitive only if one type tends to destroy another that has social value. Recognized advantages of one type of dwelling may, by the use of imagination and ingenuity, be transferred to another type.

This point was referred to the Committee on Design with the suggestion that if it found any advantage in the way of design, plan or equipment that is now enjoyed by one type of dwelling, the committee should endeavor to transfer that advantage to dwellings of other types. Heat and hot water from a central plant, for example, may be distributed to the occupants of two hundred one-family dwellings as well as to the occupants of two hundred apartments. Can the advantage of the private yard or garden be transferred from the one-family house to the multiple dwelling?

5. Changes in plan, design, management, may take much of the point out of some arguments advanced for or against any particular type of dwelling. The handicaps of the one-family house, tending the furnace and shoveling the snow, disappear when there is management analogous to that of apartment houses. This, of course, involves some neighborhood organization if

⁹ See suggested study number 1, p. 172.

houses are individually owned.⁷ But if one-family dwellings are rented and managed as are apartments, not only do these handicaps disappear but with them goes another that has promoted apartment living, the inability or the reluctance of a family to assume the responsibilities of home ownership. Faced with the alternative of apartment *renting* or home *buying*, families have reluctantly chosen the apartment.

On the other hand, it may be that the newer forms of apartment houses will decrease the nomadic tendency of apartment dwellers. In the past, the multiple dwelling has tended to provide quarters constantly more and more cramped, smaller rooms and fewer of them. The garden apartments may reverse this tendency. If that is so, they may find a more permanent population in the elderly couples, in the childless families who now restlessly shift from one to another. It may even be that they will provide adequately for the families with children.

The Essentials of Good Housing, plus Desirables

Group discussions of housing usually begin with implied assumptions based upon personal or professional experience or desire. The mental picture is not of a type of dwelling, but of a particular house, including its equipment. Cost of land is assumed to be that which the speaker would today have to pay in his home community or his favorite neighborhood.

One of the difficult tasks of the committee was to get behind these assumptions. The first question is: What are the essentials of good housing? Then follow questions as to how these essentials may best be provided, what beyond the essentials should be provided.

The essentials of good housing involve the house itself, the relation of the house to its neighbors and to the whole community.⁸ As to the house itself, the essentials are few and simple: First, a building that will provide shelter from the weather. Then, adequate light for every room; sunlight for as many rooms as possible; adequate ventilation for every room; adequate and convenient supply of pure water; adequate and convenient toilet facilities; such a number of rooms and such an arrangement of rooms that privacy is possible. Adequate heating facilities and an adequate supply of hot water are considered essentials by some people.

These essentials can be provided in any type or variety of

⁷ There are companies that render such services in one-family neighborhoods.

⁸ See "Planning for Residential Districts," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. I, Chs. I and II.

dwelling, but the temptation to crowd them out is greater in some types or varieties than in others, largely because of possibilities of greater profit on land. If there were no profit to the developer in land overcrowding, one of the most serious counts against the multiple dwelling and the row dwelling would probably disappear.

Stability of Land Value and Its Effect upon the Type of Dwelling. When the beginning of an alternation of cause and effect is lost in the dim past, it may be anybody's guess as to whether hen or egg came first. A few years ago it was common habit in New York to blame the rivers that hemmed in Manhattan for the development of tenement houses, though the tenement flourished before New York extended beyond Fourteenth Street.

So there are those who claim that the multiple dwelling is a product of high land values while others claim that high land values are a product of the multiple dwelling. Historically, the tenement seems to have appeared, not as a product of high land values, but as a result of social problems for which it was thought to provide a solution; greater living accommodations within a given area—as within city walls, within walking or horse-car distance of the business center, easier accessibility to points of interest.

Supplementing this cause is the decadence of high-priced, because once fashionable, residence districts. Here is an apparent sequence of high land values causing tenements, for the owners, wishing to maintain capital value and revenue, substituted several families of lower economic status in place of one departing family of higher status. First the deserted mansion was subdivided, then additions were built, or a new multiple dwelling erected. But here again the high land value in the first place was due to accessibility and a limit on the amount of land available in terms of the needs of the first occupants, and it was maintained because of accessibility and a limit on the amount available in terms of the needs of the later occupants. Move or distribute the centers to which the occupants of the tributary residence district wish to be accessible, then the land value will decrease.

So land value, beyond the cost of the raw land plus the cost of improvements necessary to make it fit for its stated use, is due to the relation between the amount of land available and the number of people who wish to use it. That is, city planning and zoning have a direct effect; city planning, by increasing the amount of

available land, zoning, by so assigning uses that the amount of land provided for each will be adequate to but not greatly in excess of the need. Among other things, zoning should so distribute centers of employment and other centers of interest that adjacent residence districts will tend naturally to develop only that degree of density in land occupancy that is considered, in each case, socially and economically desirable.

If and when these objectives of city planning and zoning have been achieved, land values will tend to become stabilized. With stabilized land values, investment in improvements should contemplate a longer future, should be designed to take the greatest possible advantage of the stated use, and should reduce to a minimum temporary expedients based upon either fear of neighborhood deterioration or hope of speculative increase in land values.

Then the value of land will approximate the cost of the raw land plus the cost of preparing it for its stated use. Under these conditions, land designed for a one-family house district should cost less per square foot to prepare—smaller sewers and water mains, narrower and lighter roadbeds, than land designed for more intensive use, as for multiple dwellings. This should tend to stabilize the character of a neighborhood and the type of dwelling in it.

Importance of the Land Question. So important and basic is this question of the value of land that some housing reformers believe that housing reform must be preceded by land reform. To others, this is analogous to advising that America be Christianized before missionaries are sent abroad. Moreover, some of those others believe the land problem is already in process of solution because of the diminishing rate of urban population growth, coupled with the constant extension of urban land available for residence. Their belief is strengthened by evidence that the normal cost of a lot in the various cities remains in fairly constant relation to the normal cost of the house to be built upon it, and that the normal width of the normal lot, whether 14 feet, 25, 30 or 40 feet makes little difference in its cost. The density of land occupancy customary to the community apparently is a most important factor in determining raw land costs, is the chief factor, for example, that makes a Philadelphia acre, when "ripe" for housing development, sell for \$18,200 while a similar acre in cities

with detached instead of row house development, sells for \$1,200 to \$4,500.⁹

There is, of course, a minimum cost of housing land based upon its agricultural or other open-use value plus the cost of development. What the cost of development may be depends upon local legal standards and the local standard of living. The essential cost may be considerably lower than these.

Conveniences versus Essentials

In our city building we have tended to think as well as act from the center out, carrying into new subdivisions practices born under downtown conditions. As a result, we have developed an unquestioning habit of giving rather more importance to a nicked faucet than to a sunny window, accepting constantly increasing land occupancy as part of the price of new equipment.

This Conference offers opportunity to review our habit, to think in terms of bringing to the town some of the spaciousness of the country and bringing it as economically as possible, while the country is getting some of the equipment advantages of the city. If the cost of a 40-foot lot need be little or no greater than that of a 14-foot lot, then there is no question as to which is the more desirable even when group housing calls for a modification of lot lines. If really open building is economically practicable in urban areas, then the cost of the house may be reduced, for part of the cost of a city dwelling is due to close proximity to neighbors which it endangers and by which it is endangered.

The Summer Village and Camp. There are in the environs of some of our cities and other municipalities, summer villages. The dwellings in these communities range all the way from board cabins to expensive mansions. Somewhere within this range are dwellings that contain all the essentials, that are desirable and desired. One such community of more than 300 cabins has bathrooms with shower, toilet and basin, has sanitary disposal of sewage, has kitchen sink, has electric light. The houses are architecturally attractive. They cost much less to build than do analogous houses within the city limits. Comparatively little would

⁹ See Whitten, Robert, and Adams, Thomas, *Neighborhoods of Small Homes* (Harvard City Planning Studies No. III), Cambridge, Harvard University Press, 1931.

be needed to make them comfortable in winter. They are practicable because of open building.

It is, of course, recognized that economical housing is not synonymous with cheap housing. First of all, there is a standard at and above which there are pride and incentive to progress, below which there are apathy and deterioration. But this standard is not determined entirely in terms of money. The desirable village house may cost less than the slum dwelling. Also it is recognized that first cost is not the only cost. Maintenance, repairs, depreciation, obsolescence are all factors in cost. Lot overcrowding, a lot arrangement by which one house is placed behind another, may reduce first costs but hasten obsolescence and cut down resale value. Poor floor planning may be as effective as poor materials in reducing value.

On the other hand, while recognizing that economical housing is not synonymous with cheap housing, it also is recognized that one may build too expensively for his purpose. Between the paper and bamboo house of Japan that flares up so frequently and the stone farmhouse of Prussia that preserves until today the concentrated smells of seven hundred years, there is a golden mean. A dwelling is not expected to last forever. The Prussians can build better farmhouses today than they were able to build 700 years ago and would, if the old ones were not so solid. So we should build for a fairly limited term of years, having in mind that the building will then be demolished. Our problem is, how can we get the most for this period at least cost?

Long-Time Policy: Immediate Practice

There are two approaches to this problem; that of long-time policy, that of immediate practice. The immediate practice approach is the common one. It consists in taking conditions as they are in a particular community and figuring out the best that can be done today. Apparently, approximately one-fifth is a predictable proportion of lot cost to total cost in cities of all sizes.¹⁰

A Practical Problem. So, if the approach is that of immediate practice, one is confined to figuring what is the best to be done with

¹⁰ *Ibid.*, p. 34.

prevailing lot costs and prevailing¹¹ building costs per cubic foot as determined by the quality of the building, this in turn being determined by the requirements of the local building code, and the requirements of the local building code being in part determined by the density of land occupancy with its accompanying hazards. So we begin and end with the land.

Here then are a series of variables, with local variations in each community. With these in hand, after every economy in method of construction has been utilized, it is possible to compute the lowest economic rental per room in new dwellings of any given type. The higher the land cost and the accompanying assessments, the more rigid the building regulations and the lower the income of the families to be housed, the more dense will be the population. Theoretically, this density can be carried to any degree. Practically, tired nature seems to provide for a vomiting or siphoning process when overtaxed. Practically, therefore, it may prove wise, when land occupancy has been carried to a point where desirable dwellings cannot be provided within the means of those whom we wish to house, either to (1) turn our attention to a higher income group; or (2) turn our attention to cheaper land.

There is nothing that compels us to house a certain group of people on a certain area. There always have been alternatives. A century ago when speculators in Washington held up the price of land in the most desirable section, the people went elsewhere. Today it is much easier to go elsewhere. Then the price comes down. Of course, any virtue carried to excess tends to become a vice. Development of too much new land is economically wasteful.

The Long-Time Policy. The second approach to this particular problem of housing is that of long-time policy. If it is true that land *value* is determined by use and land *costs* by expected use, then site costs may be brought down to approximately open-use value plus cost of development by making alternative sites available. Further, the cost of development may be reduced by utilizing lands most easily developed and by requiring only essen-

¹¹ If prevailing building costs can be reduced by improved engineering or management technique or otherwise, it is assumed that this will be done. See "House Design, Construction and Equipment," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. V, Pt. II.

tials. In the first, city planning and zoning play an important part; in the second, land subdivision.

The Cost of a Dwelling. Apparently each of us inclines to accept without question a correlation between type of dwelling as he conceives it and the standard or quality to which he has been accustomed and to reach conclusions on the basis of this correlation. For example, the words "one-family dwelling" may call to mind a picture of a tree-bordered residence street lined with 6- to 8-room detached houses set in ample grounds and costing from \$8,000 to \$12,000 each. The words "multiple dwelling" may call to mind a picture of New York's Lower East Side. On the basis of these mental pictures we then proceed to conclusions as to the cost of the different types of dwellings.

As a matter of fact each type may be constructed very inexpensively. Cost in each type depends largely on quality.¹² And quality depends on:

1. The number and the proximity of buildings to each other. An isolated dwelling on a mountain side may be quite satisfactory and yet lack things that are essential for a dwelling on a narrow city lot.

2. The standard of construction, sanitation, amenity that the community has set. A frontier community with board buildings widely spaced, with dirt streets, with primitive sanitary conveniences, may have cheaper dwellings of any type than can a community that demands lath and plaster, fire-resistive walls, public water supply and sewers, indoor plumbing, etc. Climate, too, has a definite effect on standards of construction.

There are, of course, certain costs inherent in the type of dwelling. Theoretically it would cost less per family to put four families in one square box-like building, give them one flight of stairs to use in common, one hydrant for water supply and one privy vault, than it would to give each of those families the same number of rooms in separate dwellings. But at once there arise questions of maintenance, operation, repairs, depreciation and obsolescence. What would be the net return on the two types at the expiration of 15 years, or of 25 years? What would be the resale value of the two types? Beyond this there are questions

¹² There is such wide diversity of opinion as to the comparative "cheapness" of the multiple and the one-family dwelling that the committee suggests the assembly of more data than are now available.

of community costs. Would a population housed in box-like four-family or twelve-family tenements two or three stories high, constructed of boards, call for more expenditure for fire, police, and health protection, than would the same population in little one-family cabins also constructed of boards?

In practice, therefore, the one-family house begins with the plain board cabin containing 2 or 3 rooms and ranges all the way up to the most expensive dwellings built. Its equipment begins with the primitive privy vault and a cistern, progresses through the street or yard hydrants supplying several houses with city water, through the one-faucet kitchen sink and the outdoor, sewer-connected toilet to the dwelling supplied with every modern convenience.

In practice, the multiple dwelling begins on a more costly standard because of inherent fire and health hazards, and progresses through the various stages of better construction and more complete equipment until it also has become very expensive. During its whole progress, however, it is necessarily more strictly regulated than is the one-family house, because its type is more readily subject to abuse. So tenement house laws and regulations have preceded more general housing regulations.

The cost of a dwelling is not, then, despite a common impression to the contrary, either the cost of construction or its selling price. Its accounts are not closed on the books of its owner, its occupants, its community, until it is demolished and its site knows it no more. Such complete accounting would quite reverse some conclusions based solely on initial costs.

Under initial costs come:

1. Cost of site.

As between city and city, a site of the same cost may be 14 feet wide or 40 feet wide, depending upon building practice. Building practice can be changed.

2. Costs due to community standards, legal or social.

The legal standards, as expressed in cost of construction, may vary with the size of lot.

3. Cost of the building.

The *type* of dwelling, considered entirely apart from cost and size of site and from building regulation, has comparatively little to do with its cost. The 3- to 5-room board house, common in all of the south central states, is a one-family detached dwelling. It is probably the most inexpensive city dwelling constructed. Closely approximating it in some of our smaller

towns where there are no building regulations, where land is cheap, there are cheap wooden structures sheltering four to a dozen families.

4. Cost of financing.

Under continuing costs come:

1. Operation and administration affected by:

(a) Type of dwelling. House property requires supervision and management, the extent and cost varying with the type of property and the character of tenants.

2. Maintenance and repair affected by:

(a) Type of dwelling. Common use runs up bills.

(b) Quality of materials and workmanship. An initial saving may mean ultimate greater cost.

3. Depreciation and obsolescence.

A dwelling, like its builder, is mortal. It has a span of life that should be estimated and provided for, whether it shall be 30 years or 60 years. During that period depreciation and obsolescence should be written off. They are affected by:

(a) Type of dwelling. The multiple dwelling tends both to depreciate and to become obsolete more rapidly than does the one-family dwelling. Equipment, such as elevators, depreciates more rapidly than does the building. Depreciation and obsolescence, in multiple dwellings particularly, has undoubtedly been effected to an appreciable extent by rapid improvements in design and equipment of the better grade buildings.

(b) Appurtenant open spaces. Those dwellings that have outlived their contemporaries usually have considerable private open spaces on their lots, public open spaces in their neighborhoods. Open space on the lot permits reconditioning and modernization.

(c) Character of neighborhood. Zoning, by stabilizing neighborhoods, promises to check obsolescence.

(d) Quality of material and workmanship.

4. Taxes.

The incidence of taxes encourages or discourages a type of dwelling. Different types of dwellings impose different financial burdens on the community.

5. Cost of financing.

Composition of the Population and the Housing Needs of the Various Groups

There are two ways of classifying the population in terms of housing needs, by income and by social relationships.

Income Groups. The income groups are affected primarily by the construction standards of the community and by the cost of land. If these are unduly costly, the lower-income groups are, inevitably, crowded in their habitations and are forced to accept dwellings that lack the essentials of adequate light, air, water sup-

ply, sanitary toilets and privacy. It has been estimated that in the United States, 9,000,000 to 11,000,000 persons are near the poverty line. There are another 12,000,000 on a bare subsistence level. There are another 20,000,000 who have only a minimum for health and efficiency. Then come 30,000,000 with a minimum for comfort. It is these last and especially the 47,000,000 even more happily placed, for whom most of our housing has been provided. The others often have taken what the more fortunate have discarded. This housing has not been necessarily bad. When bad, it has been due largely to overcrowding and to deterioration.

How far down the economic scale we shall build is a matter of policy that concerns several of the Conference committees, especially those on Construction, Finance, Fundamental Equipment, Utilities for Houses, Subdivision Layout, Blighted Areas and Slums, Reconditioning, Remodeling and Modernizing, City Planning and Zoning, and Home Ownership and Leasing.

The Committee on Types of Dwellings suggests that the group with annual incomes of from \$1,800 to \$2,200 be taken as the objective and that committee recommendations be scaled up and down from this group.¹³

Groups by Social Relationships. Even more important and less regarded is the grouping of population by social relationships, by family groups and others. We have built dwellings of different types in accordance with the builder's "hunch" as to what would sell. We have noted proportionate increases or decreases in different types of dwellings and have drawn hasty conclusions from the crude statistics.

Anyone who has read American journals or accounts of travels in America during the early part of the nineteenth century knows that families frequently lived in boarding houses, that a large proportion of the unattached, bachelors especially, spinsters more rarely, found in boarding houses their only refuge. And the boarding houses were the one-family type of house. So, when the apartment appeared, it filled a long-felt need of certain groups. Filling a void, it increased rapidly.

¹³ Although its operation is for a somewhat higher-income group, the studies leading to the Buhl Foundation project in Pittsburgh are of interest in this connection. See *Architectural Record*, October, 1931, p. 217, and "Slums, Large-Scale Housing and Decentralization," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. III, Appendix VI, p. 138.

Any person who, 20 years ago, lived in a small town knows that many people, familyless and forlorn, lived in the local hotel. Again the apartment house filled a long-felt need.

Anyone who has studied apartment house financing in recent years has an impression that recent apartment house construction has gone beyond the demand.¹⁴ This is, of course, true of speculative small house construction, but to a lesser extent.

For such reasons, the Committee on Types of Dwellings has made a special study of the composition of the population in terms of social relations and its housing needs. Tentatively, it has divided the population into the following groups:

1. The family consisting of
 - (a) Man and wife.
 - (b) Father and mother or father or mother plus one child.
 - (c) Plus two children.
 - (d) Plus three or more children.
 - (e) Plus other dependents (usually adults, elderly people).
2. Unattached individuals.
 - (a) Men.
 - (b) Women.
 - (c) Children.

Supplementing this, it has made a study of the possibility of grouping various types of dwellings into a neighborhood or community and so not only meeting social needs in terms of dwellings of the required types, but meeting those needs more adequately by establishing a natural relationship between the different types of dwellings.¹⁵

Social Needs and How They are Met by the Different Types of Dwellings

There are two assumptions:

1. That the community is to perpetuate itself. Consequently in any housing program first consideration must be given to the needs of children.
2. That every member of the community should have housing accommodations that are adequate both in quality and in quantity. Health is a first consideration, but the amenities—convenience, comfort, attractiveness—should be provided in the largest measure practicable.

The first assumption simply translates into terms of society as

¹⁴ Vacancy surveys of 44 cities show a greater proportion of vacancies in multiple dwellings than in other types. (Data from Division of Building and Housing, U. S. Department of Commerce.)

¹⁵ See Appendix I, *Family Types and Housing Trends*, p. 175.

a whole the axiom that self-preservation is the first law of nature. This, of course, has its very practical and immediate implications. The assumption that the community will continue is the basis for most of our daily actions. Were we to cut out all thought of succeeding generations, all provision for them, not only would life lose most of its significance, but business would shrink until the present depression would seem, in comparison, a time of unbelievable prosperity.

With restriction of immigration and with our farm population already a minority of our total population, it is evident that our cities and towns must themselves provide their future inhabitants. That means adequate provision for children, and that in turn, means dwellings that meet the needs of children.

We therefore have two definite groups in the population to consider, those who have or propose to have children, and others. The "others" may be subdivided into a series of groups whose desires in the matter of a dwelling range all the way from a suburban estate through a small, compact "efficiency" apartment to rooms in a hotel, or, on a lower economic scale, from a cottage through a boarding house to a lodging house.

There are certain essentials in all dwellings, but after these essentials, differences begin. To some persons a dwelling is merely a habitation, a shelter from the elements, a place where one can sleep. To others it must be a home, a place where one lives, an object of affection. A "home," consequently, must have personality; it must symbolize the group that occupies it. Especially is this true if the group is a family that includes children. It is accepted that the foster child who is given the benefits of family life, the affection of parents, has advantages over the child placed in an institution. So the child reared in a dwelling that typifies the individual family has advantages over one reared in a congregate dwelling.

There are, however, more tangible considerations. A normal, healthy child is active and noisy. It needs space indoors and out. It needs the freedom possible only where adult irritation is counterbalanced by affection. This means the one-family house with its own yard. Beginning with the detached one-family house surrounded by ample grounds, the desirability of dwellings for children decreases as the dwellings are crowded more and more

closely together. But the real change comes with change in type of dwelling from one-family to two-family, and much more, to multiple. Then children are likely to become a serious annoyance.

With change in type of dwelling another factor enters. The one-family house, whether detached, semi-detached or row, seldom has less than 5 rooms. Because of economic factors, it usually has 6 rooms even in the least expensive row developments. This means space for children. The multiple dwelling, on the other hand, is always under an economic pressure that contracts the number of rooms in an apartment and the sizes of those rooms. One less room in each apartment may make possible one or two more apartments on a floor. Decreasing the size of rooms has proved so profitable to the speculative builder who sells and gets out, that tenement house laws set definite minimum room sizes, even definite minimum widths to prevent rooms being made so narrow that they are unusable. Obviously, such dwellings extend no welcome to children.

There are those who believe the multiple dwelling can be made a children's dwelling, that with better planning, with more generous open spaces and with playgrounds on its own lot, it can be made to compete with the one-family house. There are others who believe that one-family houses in groups may be planned for families who need only 3 or 4 rooms.

For adults who have no children the multiple dwelling may meet social needs. But this also is a subject for discussion. The childless couple may prefer a domain of their own, a garden of their own creation. The business or professional woman may prefer a 2- or 3-room dwelling in a group or in a row, with its own street entrance, its own small back yard. Or she may prefer a room with bath and its own entrance in a building that otherwise contains only one family.

In the recent past our dwelling construction has been guided chiefly by the profit motive of the builder. Many of the worst practices of the past, however, have ceased to be profitable and, in the face of slower population growth, may well continue to be unprofitable. Profits in the future are more likely to be based on better buildings for less money. Starting with the one-family dwellings that were practically the only type in the early days of the republic, the private builder has followed two main lines: First, a continuance of the one-family house tradition yoked to the tra-

dition that this house should be occupied by its owner; second, the radical change to the multiple dwelling following its introduction in New York a century ago by a group of philanthropists who naively believed it would solve the housing problems of the poor. The first has led to "own your own home" campaigns. The second usually has been considered an investment proposition.

The multiple dwelling did not solve the housing problem of the poor; it made their problem, in some ways, more difficult; it made their habitations smaller, more inaccessible, more expensive. But it did and does offer advantages to those groups in better economic circumstances who previously had no alternatives to the hall bedroom and the boarding house.

The housing problem of the poor arises from poverty, ignorance, and exploitation. Make good housing (in any form whatever, one-family, two-family, or multiple, properly apportioned to the ascertained needs of communities) radically cheaper and one not only provides better housing for lower-income groups but also expands an important industry, creates employment, and contributes toward the eradication of poverty.

One of the questions before us is whether modifications in existing types of dwellings and proper apportionment of these types will enable them to meet better the social needs of the community.

Community Relations. Good housing involves certain external as well as internal essentials. The chief external essentials are access and open space. Access is normally provided by the street; open space by the lot. Some provision for close-at-hand out-of-door life is essential. The sunyard, the playyard, and a minimum space for trees and grass are housing essentials.

Neighborhood Unit. For good housing it is necessary not only to provide a good house on a good lot, but to group houses into a complete neighborhood. Homes must be related to the school, the kindergarten, the day-nursery, the playground and the neighborhood store and civic center. General traffic should be by-passed around the neighborhood. Sometimes, instead of providing a playyard and a garage on every lot, it is better and more economical to build the houses around a super-block with a common interior block play-park and garage group. The individual house and lot should be planned in relation to the block and to play, school and other community facilities.

Various Housing Types in Same Neighborhood. An objec-

tion to permitting the erection of multiple dwellings in a neighborhood unit made up largely of one-family houses is that it has been found, in the zoning of cities, that a one-family house area must have a considerable size in order to have permanence. The near-by multiple dwellings threaten the permanence of the adjacent one-family zone for four chief reasons:

1. The greater congestion, traffic and noise incident to the more intensive multiple dwelling development.

2. The increase in land values in the multiple dwelling zone, due to the more intensive use of the land and the resulting increase in net profit per square foot of land used.

3. The decrease in value of a one-family house that is overshadowed by a multiple dwelling on a neighboring lot, its windows darkened, its yard deprived of sun, its privacy diminished.

4. A difference in the character of multiple dwelling and one-family house population, the greater restlessness of the former, its greater tendency to shirk responsibility, are indicative of a different emphasis that makes it distasteful to the other group.

The second cause is of great importance. High land values in an adjacent multiple dwelling zone cause a speculative increase in land values in a one-family zone, based on a possible change in the zoning. Some owners of homes who are desirous of selling, believe there is an opportunity to sell at a good price if the zoning can be changed. This belief points to a possible solution. Cannot the regulation of multiple dwelling construction be such that three at least of these causes of impermanence in the adjacent one-family zone will be removed and the fourth perhaps be diminished? Zoning might require the setting aside of large yards and recreation areas. This, in itself, might overcome the congestion, noise and traffic handicap, remove the shadow and, at the same time, keep down the price of the land. Moreover the incidental improvement to the multiple dwelling might stabilize its population.

The social reason for permitting various housing types, including multiple dwellings, in the same neighborhood unit ¹⁶ is that in

¹⁶ For illustrations of the neighborhood unit see Committee on Regional Plan of New York and Its Environs, "Neighborhood and Community Planning," *Regional Survey of New York and Its Environs*, New York, The Committee, 1929, Vol. VII; and Whitten, Robert, and Adams, Thomas, *Neighborhoods of Small Homes*, (Harvard City Planning Studies No. III), Cambridge, Harvard University Press, 1931.

See also, "Planning for Residential Districts," *Publications of the President's Conference on Home Building and Home Ownership*, Washington, 1932, Vol. I, Ch. II.

any community there are varying types of families with varying requirements, both as to rent that can be paid and as to household services and convenience desired. If the neighborhood unit is carefully planned and zoned, and multiple dwellings permitted only in appropriate locations, with density restricted and adequate open space required, reason to fear an injurious effect on adjacent one-family house areas will be diminished.

Need for Additional Research. As yet, we know comparatively little of the relative number of each family type that determines the demand for the various housing types in the different neighborhood types. This is a complicated problem and much more data should be secured before we pass final judgment on the proportion to be assigned to any type of dwelling in a neighborhood or community building program.

When this committee started work, it was hoped that the 1930 census family data for many cities would be available. This would have enabled us to select typical neighborhoods in typical cities and learn a great deal from their comparison. These comparative data could then have been supplemented by certain field studies.

However, we have had census family data for only one city, Wilmington;¹⁷ and only a small part of the data that will later be made available even for that city. For our purpose, the family data as yet unpublished will be much more important in disclosing the composition of the family and the neighborhood than the valuable data to which the Census Bureau has been able to give us access for the purposes of this study. It has been very valuable to learn something as to the number and proportion of families of different sizes and the proportion occupying houses of different values or rentals; also the proportion of families having a wage-earning homemaker. It was particularly useful to be able to compare the data for a typical industrial ward with that for a better-class residential ward.

When the complete family data of the 1930 census are available, it is recommended that the research here started be continued and supplemented in a few cases by field studies of existing neighborhoods.

¹⁷ See Appendix I, *Family Types and Housing Trends*, p. 175.

Community Burdens Due to Dwelling Types

There are no reliable figures, and few of any kind, regarding the burdens that are cast on the community by different types and varieties of dwellings. The committee undertook a study of the question in four selected zones in a mid-western city, but the time available was so short, and the ramifications of the problem so numerous, that our study has been inconclusive except to convince the committee that a comprehensive study of the subject is highly desirable.¹⁸

Farm and Village Housing

Obviously, this report has had city housing in mind. But actually, though perhaps not so obviously, the essentials of good city housing are equally the essentials of good rural and village housing. The great difference between the two is not the building, but its site. In farm housing, and to a considerable degree in village housing, the site is so ample that not only is there no problem of light and air, but the house can be oriented to the sun. The slightly compensating advantage of the city house is in public services. Yet the farm and village house can, at not much greater cost, have kitchen sink and bath and toilet. The difference is one of community standards. The city has been forced to adopt higher standards of sanitation as the price of public health. It has been said that, as a result, its public health has become better than that of the farm and village. If this is so, the farm and village may, when they will, again take the lead.

The differences between farmhouses and village houses are not differences of types, as these have been defined, nor even differences of variety. For the vast majority of farm and village houses are free standing, one-family. The differences are differences of room arrangement, of size, of architectural style.

Even between farmhouses and village houses the difference is more of degree than of kind, though the farmhouse, because it in part still performs an economic function, may have need of an office, a washroom, a large dining-room.

Because of seasonal work on the farm there may be need of supplementary dwellings, dwellings analogous to the lodging house.

¹⁸ See recommended study number 6, p. 173.

In the rural areas there are other dwellings, the teachers' house that some school districts provide, the tourists' camp, the vacation camp by stream or lake. But the problems these involve are those of sanitation, not those of types of dwellings.

Rural Industrial Housing

The industries that in the past have migrated from the cities to form their own communities, have tended to develop a town or suburban environment. But there is prophecy at least of a new emphasis on rural-industrial communities. If this comes, then it should realize an ideal of city suburban development, generous open spaces combined with community facilities and conveniences. But there seem to be involved no new types of dwellings, only the opportunity to provide better at less cost.

Mining Towns

Mining towns seem to be in the category of village industrial housing. Their distinguishing characteristic is not in types of dwellings; for they usually have the one-family house, detached or twin or row, and the lodging house or barracks; their distinguishing characteristic is that, unlike practically all our other communities, they are conscious of a short term of life. In the normal city or town the individual dwelling may have its threescore years and ten, but the community assumes that it will live forever. The mining town makes no such assumption. Consequently, its dwellings are frankly of temporary construction. This does not mean they are unfit dwellings. The Du Pont villages erected during the World War with a 2-year life expectancy, were in many ways superior to many permanent industrial towns, to most mining towns. The problems here are problems of construction, of design, or sanitation.

Conclusions

The basic evil in bad housing is land overcrowding. The basic reason for land overcrowding has been speculation in land prices. Decreased rate of population growth, decentralization of places of employment, opening up new areas by hard surfaced highways, zoning regulations, and city planning have reduced pressure on the land and place us in an unprecedentedly good position to carry out a building program on a higher social level.

The two-family house is losing in popularity in most cities except where it is being erected to displace the less desirable three-decker, as in Boston. The one-family row house is losing popularity in Washington. The reasons behind their decrease justify study.

The essentials of good housing involve not only the house itself and the lot on which it stands but, what is of great importance, the relation of the house to its neighbors, to the public and private open spaces about it, and to the whole community.

As to the house itself there must be adequate light and ventilation for every room, sunlight for as many rooms as possible, adequate and convenient supply of pure water, adequate and convenient sanitary facilities, and privacy.

As to the neighborhood, different types and varieties of dwellings and the commercial and public facilities necessary to serve them should be developed under the plan of the neighborhood unit which, in a word, is a self-contained community.¹⁹

In the past we have thought more in terms of dwelling equipment than in the basic essentials of good housing—namely—space, light and air. This Conference offers an opportunity to review our practice and to begin a new policy of providing urban dwellings to a greater extent with the advantage of the country, that is, spaciousness, and provide the rural dwelling with some of the equipment advantages the city now has.

The cost of a house can be reduced under more open building, since part of the cost of a city dwelling is due to the hazards of its close proximity to its neighbors which it endangers and by which it is endangered.

Economical housing is not synonymous with cheap housing. Nor is first cost the only cost. Maintenance, repairs, depreciation and obsolescence must be considered.

Where land occupancy, and consequently land cost, is carried to a point where desirable dwellings cannot be provided within the means of the families to be housed, we should either turn it over to the use of a higher-income group or seek cheaper land. Nothing compels the housing of a certain group on a certain area.

Land costs may be brought down by making other areas available. This should be done, however, in accordance with city

¹⁹ See works cited in footnote 16, p. 166.

planning principles including proper subdivision regulations to prevent uneconomical extensions of municipal facilities.

Costs of dwellings may be divided into two classes, initial costs including cost of site, cost of building, and costs due to legal or social community standards; and continuing costs including operation and administration, maintenance and repair, depreciation and obsolescence, interest, insurance, and taxes. Costs of financing are a part of both classes. In comparing dwelling costs, all these factors must be considered from the time the building is erected until the site is again cleared.

Studies having the objective of improved housing should take as their starting point the provision of dwellings for the majority of families, represented by that urban group having annual incomes of approximately \$1,800. Conclusions may then be scaled up or down to meet the needs of other income groups.

There are various types of families, and their housing requirements are correspondingly varied. In most communities there is need both for one-family houses and for multiple dwellings. The one-family house has advantages for the family with children. The small apartment has advantages of convenience and economy for many families of adults.

While the tendency to greater and greater lot occupancy is almost universal unless and until it is checked by legislation designed to protect the public interest, it has gone farthest in the older and larger cities of the Atlantic seaboard. The resulting high population density has produced high land values,²⁰ and these in turn have contributed to increased lot occupancy.

In metropolitan regions, multiple dwellings tend to congregate near the larger commercial centers and near rapid transit and suburban railroad stations, for convenience of access to centers of business and of entertainment.

The typical apartment is a temporary abode, which does not have the atmosphere and associations of a permanent home. The apartment population is a relatively nomadic population reluctant to assume local responsibilities.

Occupants of one-family houses, whether owned or rented, tend to have greater stability, a greater concern in the character of

²⁰ See Appendix II, *Land Value and Its Effect upon Types of Dwellings*, p. 208.

their neighborhood. With genuine home ownership, stability and concern in neighborhood and civic affairs are increased.

The decreasing rate of population growth, the declining birth rate, and the resultant increased proportion of older people in the population are having an effect upon the dwelling accommodations needed. Smaller families composed exclusively of adults may get along with smaller houses and with apartments. When 1, 2, or 3 rooms are adequate, the multiple dwelling offers obvious advantages.

But while the 2- or 3-multi-family dwelling unit may adequately serve the needs of a childless couple, it may also be in some degree responsible for keeping a couple childless. The declining birth rate, the increased proportion of elderly people, indicate not only an increasing demand for dwellings in which one may grow old in comfort, but also a need for dwellings that are hospitable to children.

The maintenance of a proper proportion of one-family homes and of multiple dwellings will be aided by requirements that the multiple dwellings shall have large yards and courts that will not only provide light and air for their own rooms, but that will prevent the high land values that follow intensive building and lead to more intensive building.

Good housing involves not only a good dwelling on a good lot, but also a proper relation of the dwelling to its neighborhood and to the community as a whole. The home must be related to the school, the playground, the library, the neighborhood stores and civic center. The arrangement of dwellings may vary from the self-contained property with house and private garden and garage to the group of dwellings about a common playground, served by a block or neighborhood garage.

Studies

The committee recommends that the following studies be made by appropriate existing agencies or by bodies established for the purpose:

1. The possible decline in various types and varieties of dwellings in terms of:

- (a) Undue land occupancy.
- Two-family dwellings.
- Row dwellings.

- (b) Uneconomic units of administration, as small multiple dwellings (3 to 8 families).

2. Most one-family dwellings erected by speculative builders are built for sale, while most multiple dwellings are built for rental of units to their occupants. The committee recommends a study of the effect of this practice upon the occupancy of multiple dwellings to determine whether one-family homes produced for rental, as has been found to be desirable in Pittsburgh by the Buhl Foundation, would not meet a demand that may now be met imperfectly by the multiple dwelling. This study should comprehend the basis of present building practices, that is, whether public demand is behind the production of apartment houses or whether the public need for living accommodations at a given rental level and without future commitments is being exploited by apartment house builders.

3. It would be of great interest and value to work out a schedule listing dwellings by types and varieties in the order of their desirability, setting a definite rental rate on each for specific income groups, and in this way determine the compromises necessary on each type and variety because of increases in land value or in building costs. This study should in each case be carried to the point where each type or variety becomes socially objectionable or economically impossible.

4. What are the relative costs of building and of operating housing units in the various types and varieties of houses. Study should be on the basis, as near as possible, of:

Identical floor area.

Identical cubage.

Identical number of rooms.

Identical equipment.

Identical service.

Equivalent location.

Comparable amenities.

Where identical comparisons are impossible proper allowance should be made for these factors.

5. When complete family data of the 1930 census are available, the research started on the basis of these data and constituting an appendix to this report should be continued and supplemented, so far as practical, by field studies of existing neighborhoods.²¹

6. A study of the burdens cast upon the community by different types of dwellings. Such a study should comprehend the street requirements, including automobile parking; community utilities such as storm and sanitary sewers and water mains; schools and other educational facilities; playgrounds, parks, and other open spaces; police and fire protection; garbage and other waste disposal; and other factors.

In such a study consideration must not be confined to first cost and maintenance charges. The intangible investment factors such as improved earning ability and citizenship attributable to schools and recreational facilities, conditions of health due to adequate open spaces and freedom from noise,

²¹ See Appendix I, *Family Types and Housing Trends*, p. 175.

and safety for children must be weighed and evaluated. Possibilities of changes in services such as are made possible through incineration of garbage and waste and the burning of completely combustible fuels, and such as the motorizing of police patrols should be taken into account.

7. A study to determine the ways in which multi- and one-family types of housing supplement each other and to determine the competitive phases of the two.

8. The relation of land costs to types of dwellings to determine whether existing relations are economic, are the result of necessity, or of ignorance of the investor as to the proper type of dwelling for a given plot, or are the result of demand; to determine whether high land values make one-family housing impossible and at what level land values make one-family housing an uneconomic investment; and to determine whether there are intermediate types of housing that would be economical on relatively high-priced land.

9. The saving in community costs effected by rehabilitating blighted areas, as compared with endless spreading out to new unimproved areas.



Courtesy of Dr. George Woodward

Photograph by Berry and Homer

Eight one-family houses constituting a single project and forming a pleasant group around a central garden. Garage accommodations are arranged at either end of the court in the foreground.



*Courtesy of M. and R. B. Warren and
Tilden Gardens, Inc.*

*Photograph by
Buckingham*

Detached multi-family houses in Washington, D. C. This development consists of five buildings erected as a single operation.



Courtesy of Berkeley L. Simmons

Photograph by Buckingham

More than usually attractive semi-detached apartment houses in Washington, D. C., built to resemble single-family dwellings, erected with a party wall rising from the court in the center of the photograph.

APPENDIX I

FAMILY TYPES AND HOUSING TRENDS¹

I. Family Types

Varying Types and Housing Needs

It seems that social needs as related to types as well as to sizes of dwellings will depend on the needs of the various types of families. Families vary in size, composition, income and desires. There are small families and large families; families of adults and families with small children. There are families with all ranges of income; those that can choose and those that must take the very cheapest quarters. There are married women who are wage earners. There are women whose health is not equal to the care of a large house, and whose income will not permit the hiring of a servant. There are men who want a home and garden of their own, and others who are glad to be relieved of that responsibility.

While the one-family house is the optimum type of housing for families with young children, it may not be for all types of families. Whatever may be the advantage of the one-family house from the social and civic standpoint, there are many families who prefer the apartment house. Families of two adults, either newly married couples with no children or elderly couples whose children have grown and left home, frequently prefer the apartment house. We should know how many families of this type there are. If, as is increasingly the case, both man and wife are employed outside the home, the apartment house may be the more satisfactory. In families with one or more children, it often is necessary for the wife to seek employment outside the home in order to provide educational advantages and a decent standard of living for the children.

In such families there may be a choice of evils in order that the amount of housework be kept to a minimum. If the state has no

¹ This study was discussed and outlined by the committee. The conduct of the study and preparation of a report was assigned to and undertaken by Mr. Robert Whitten, a member of the committee. The report was then reviewed and revised by the committee and adopted as an appendix to its report. The Wilmington, Delaware, figures used in this Appendix are preliminary figures of the 1930 census, the latest available when the report was prepared.

mothers' assistance fund, such facilities as day-nurseries and supervised playgrounds may be the substitutes for home care. There is the married man who wishes to be relieved of all responsibility for house and yard. Then there is the problem of housing the single man or woman.

We cannot assume that every family consists of man, wife and three children, as so often has been the custom of economists. There is a great variety in types of families. Each may have its own housing requirements. To intelligently attack the problem, we should know what these types are and what proportion of families fall in each group.

For the purpose of determining housing needs, families may be classified in various ways, including:

1. Number of persons in family.
2. Number of children in family.
3. Age of children.
4. Relative need for simplification of housekeeping and house and yard maintenance problem.
5. Need for freedom to move from one locality to another, or from one city to another.
6. Family income.

Family Data of the 1930 Census

There is very little existing data from which the proportion of families of the various types can be determined. The family data of the 1930 census, when tabulated and analyzed, will give considerable information as to the composition of the family. For the purposes of this study, the Bureau of the Census has made available its tabulation of three of the proposed eight groupings or counts of the family data for the City of Wilmington, Delaware. These data have been used in the present study. As soon as the census tabulation of family data is completed, not only for Wilmington but for all of the cities of the United States, much more complete and worth while data can be secured as to the composition of the family.

Analysis of Wilmington Census Data

In Wilmington, Delaware, according to the 1930 census, 80.2 per cent of the families live in one-family houses, 10.1 per cent in two-family houses, and only 9.7 per cent in multiple dwellings. The census also shows that 45.9 per cent of the families live in owned homes, and 54.1 per cent in rented homes.

Composition of the Family. Of the total number of families, 31.9 per cent consist of not more than two related persons. The census data for the family are tabulated according to number of related persons and so does not include lodgers and other persons not related by blood, marriage or adoption, to the head of the family. Families of three related persons make up 21.3 per cent of the total, so that there are 53.2 per cent of the families having not more than three persons. The minimum housing needs of most of these families can be satisfied with a 3- to 5-room house or apartment. (Table I.)

Of the total number of families, 21.1 per cent have but one child under twenty-one years of age; 15.8 per cent have two children, 9.3 per cent three children, and 11.8 per cent have four or more children under twenty-one. Thus 58 per cent of the families have one or more children and 36.9 per cent have two or more children. (Table I.) It is fairly clear that for all of the families with two or more children, and for at least most of the families with but one child, the advantages of a one-family house are marked.

In 42 per cent of the families, there are no children under twenty-one years of age, and in 63.5 per cent there are no children under ten years of age. (Table I.) For more than two-fifths of the total number of families, therefore, the problem of the welfare of children is not necessarily of immediate importance in the selection of a home. These are families of adults solely.

Fifteen per cent of the total number of families have one or more lodgers. Of the total number of families, 8.6 per cent have a single lodger, and 3.5 per cent have two lodgers. Only 2.9 per cent of the total number of families have three or more lodgers. (Table I.) It is not clear that there is any distinct advantage as between different types of dwellings in so far as lodgers are concerned.

In 15.1 per cent of the families in Wilmington, the homemaker is gainfully employed. Of those gainfully employed, 90.8 per cent are engaged in occupations outside the home. Of those employed outside the home, 10.9 per cent are professional workers, 17 per cent office workers, 9 per cent saleswomen, 39.3 per cent servants and waitresses, and 18.2 per cent industrial workers. (Table II.)

When the children grow up and leave home, the parents may take a small apartment. In Wilmington, 18.6 per cent of the fami-

Table I. Composition of the Family, Wilmington, Delaware.

DISTRIBUTION OF FAMILIES BY NUMBER OF RELATED PERSONS, CHILDREN, LODGERS AND GAINFUL WORKERS*

Number	Families with each specified number of									
	Related persons		Children under 21		Children under 10		Lodgers		Gainful workers	
	Number of families	Per cent	Number of families	Per cent	Number of families	Per cent	Number of families	Per cent	Number of families	Per cent
None.....	.....	...	10,730	42.0	16,222	63.5	21,722	85.0	1,409	5.5
1.....	2,018	7.9	5,386	21.1	4,644	18.2	2,187	8.6	14,883	58.3
2.....	6,130	24.0	4,047	15.8	2,678	10.5	905	3.5	5,850	22.9
3.....	5,438	21.3	2,389	9.3	1,250	4.9	348	1.4	2,204	8.6
4.....	4,458	17.5	1,289	5.1	514	2.0	182	.7	1,197†	4.7†
5.....	3,074	12.0	788	3.1	181	.7	89	.4	.....	....
6 or more.....	4,425	17.3	914	3.6	54	.2	110	.4	.....	....
TOTAL.....	25,543	100.0	25,543	100.0	25,543	100.0	25,543	100.0	25,543	100.0

None.....	.....	...	10,730	42.0	16,222	63.5	21,722	85.0	1,409	5.5
1 or less.....	2,018	7.9	16,116	63.1	20,866	81.7	23,909	93.6	16,292	63.8
2 or less.....	8,148	31.9	20,163	78.9	23,544	92.2	24,814	97.1	22,142	86.7
3 or less.....	13,586	53.2	22,552	88.2	24,794	97.1	25,162	98.5	24,346	95.3
4 or less.....	18,044	70.7	23,841	93.3	25,308	99.1	25,344	99.2	.....	....
5 or less.....	21,118	82.7	24,629	96.4	25,489	99.8	25,433	99.6	.....	....

1 or more.....	25,543	100.0	14,813	58.0	9,321	36.5	3,821	15.0	24,134	94.5
2 or more.....	23,525	92.1	9,427	36.9	4,677	18.3	1,634	6.4	9,251	36.2
3 or more.....	17,395	68.1	5,380	21.1	1,999	7.8	729	2.9	3,401	13.3
4 or more.....	11,957	46.8	2,991	11.8	749	2.9	381	1.5	1,197	4.7
5 or more.....	7,499	29.3	1,702	6.7	235	.9	199	.8	.....	.....
6 or more.....	4,425	17.3	914	3.6	54	.2	110	.4	.....	.....

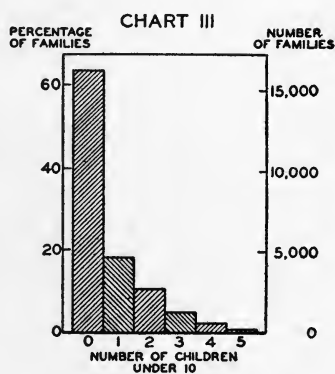
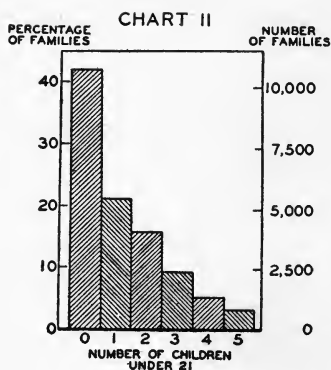
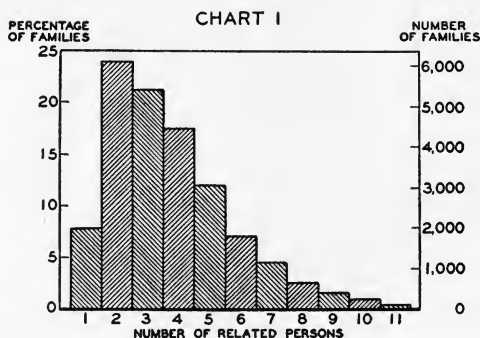
* **Explanation of Terms.** The "number of related persons" includes the head of the family and all persons related to the head by blood, marriage or adoption.

The "number of children" includes only unmarried children among the related members of the family. It includes step-children, grandchildren, adopted children and all children related to the head of the family but does not include wards or foster children.

The "number of lodgers" includes all members of the family not related to the head by blood, marriage or adoption. Thus, in a family consisting of a number of unrelated persons keeping house together, such as several working girls occupying an apartment, one would arbitrarily be designated as the head and the others would be considered as lodgers.

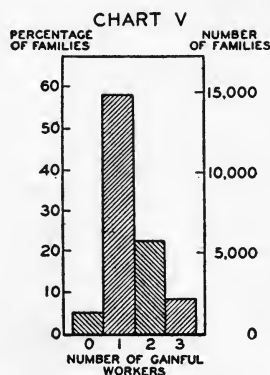
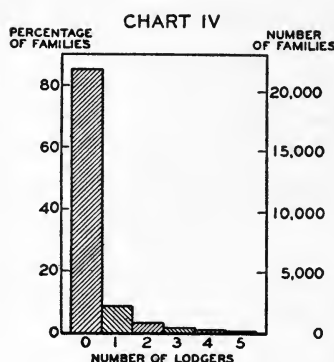
The "number of gainful workers" includes only gainful workers among the related members of the family.

† Four or more.



Composition of the Family, Wilmington, Delaware

A series of charts showing the number and percentage of families having each specified number of related persons, number of children under 21 years, and number of children under 10 years. Graphic presentation of data from Table I.



Composition of the Family, Wilmington, Delaware

Charts showing the number and percentage of families having each specified number of lodgers and gainful workers. Graphic presentation of data from Table I.

lies have a man head fifty-five or more years of age. Probably most of these families are best accommodated in a small house or apartment. The average age of the man head for all families is 44.9 years.

Table II. Occupations of Gainfully Employed Homemakers, Wilmington, Delaware.

	Number of families	Per cent
Families having homemaker.....	24,499	100.0
Homemaker not gainfully employed.....	20,808	84.9
Homemaker gainfully employed.....	3,691	15.1
Homemaker gainfully employed.....	3,691	100.0
At home.....	328	8.9
Away from home.....	3,350	90.8
Not specified.....	13	0.3
Homemaker employed away from home.....	3,350	100.0
Professional workers.....	365	10.9
Office workers.....	568	17.0
Industrial workers.....	609	18.2
Servants, waitresses, etc.....	1,318	39.3
Saleswomen.....	302	9.0
Other occupations.....	188	5.6

Table III. Median Size of Family in Wilmington (Related Persons Only).

	All classes	NATIVE WHITE			OTHERS	
		Total	Native parents	Foreign parents	Foreign white	Negro
TOTAL.....	2.85	2.73	2.66	2.95	4.01	1.95
Owners.....	3.16	2.80	2.71	3.06	4.29	2.31
Renters.....	2.64	2.68	2.64	2.84	3.50	1.92

In Wilmington, the average size of a private family is 4.05 persons. This average is made up of 3.76 related persons and 0.29 lodgers, servants and other persons not related to the head of the family by blood, marriage or adoption. In the make-up of the average family of 3.76 related persons, 0.76 are children ten to twenty years of age and 0.67 are children under ten years of age. There are 1.43 children under 21 in the average family and 1.58 gainful workers.

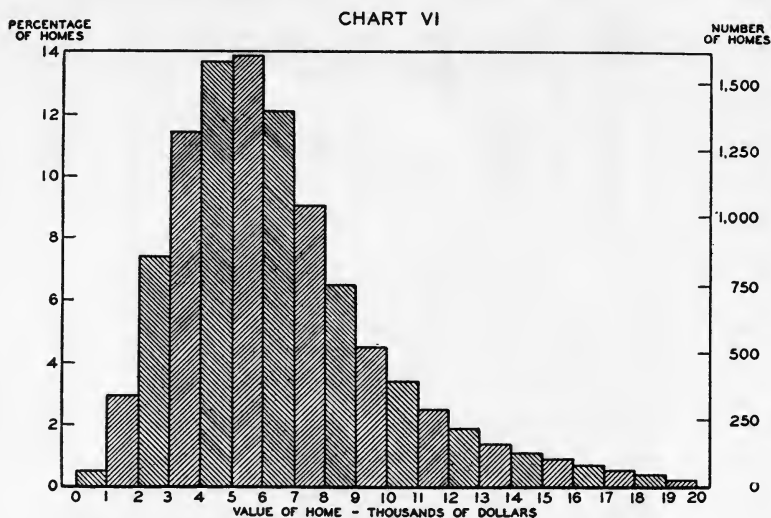
Home Values and Rentals. In Wilmington the median value of the owned homes is \$6,041. The median monthly rental of the rented home is \$32.18.

In Wilmington, 26 per cent of the owned homes have a value between \$3,000 and \$5,000, 33 per cent between \$5,000 and \$7,500, and 14.1 per cent between \$7,500 and \$10,000. Thus, 73.1 per cent of the homes owned are valued between \$3,000 and \$10,000. (Table IV.)

Of the homes rented, 10.8 per cent have a monthly rental of \$15 to \$20, 29.1 per cent a rental of \$20 to \$30, 36.7 per cent a rental of \$30 to \$50, and 12.7 per cent a rental of \$50 to \$75. For 46.7 per cent of the total number of tenants, the monthly rental is under \$30, and for 83.4 per cent the monthly rental is under \$50. (Table V.)

The annual rental value of the owned homes has been estimated by taking 10 per cent of the value of the owned homes.² On this basis the percentage of homes in the rental groups under \$50 a

² While 10 per cent gross may be low as a basis for determining commercial rentals, it seems reasonable as a basis for comparing the probable family income status of the owner and renter groups.



Value of Owned Homes, Wilmington, Delaware

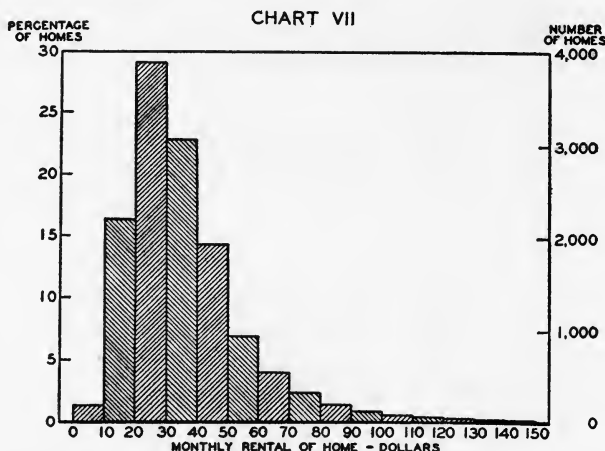
Distribution of Owned Homes according to Value of Home.

Where the interval of the value groups in the original data was greater than \$1,000, the groups have been split into \$1,000 groups by smoothing.

month is lower for the owned homes than for the rented homes. This is to be expected, as the families that own their homes are likely to be of a higher average income level than those who rent. For the owned homes, 18.1 per cent have an estimated monthly rental value under \$30, while for the rented homes 46.7 per cent have a rental value under \$30. For the owned homes, 51.9 per cent have an estimated rental value under \$50, while for the rented homes 83.4 per cent have a monthly rental under \$50. (Tables V and VI.)

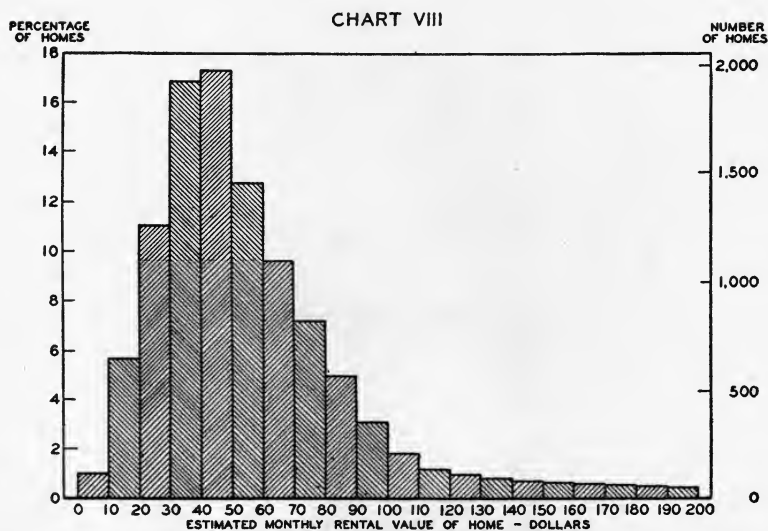
Table VII shows the estimated rental value of all homes, both rented and owned. Of the total number of families, 33.5 per cent live in homes with an estimated rental under \$30, and 68.8 per cent in homes with a rental under \$50. The table also shows that for 21 per cent of the homes the estimated rental value is between \$20 and \$30; for 35.3 per cent between \$30 and \$50; and for 19 per cent between \$50 and \$75. For only 12.2 per cent is the estimated rental value \$75 or more; and for only 12.5 per cent is it under \$20.

Comparison of Family Types by Wards. Certain of the



Rental Paid for Rented Homes, Wilmington, Delaware

Distribution of Rented Homes according to Rental Paid.
Where the interval of the rental groups in the original data was greater than \$10, the groups have been split into \$10 groups by smoothing.



Estimated Rental Value of Owned Homes, Wilmington, Delaware

Distribution of Owned Homes according to Estimated Rental Value.

Table VI. Estimated Rental Value of Owned Homes,* Wilmington, Delaware.

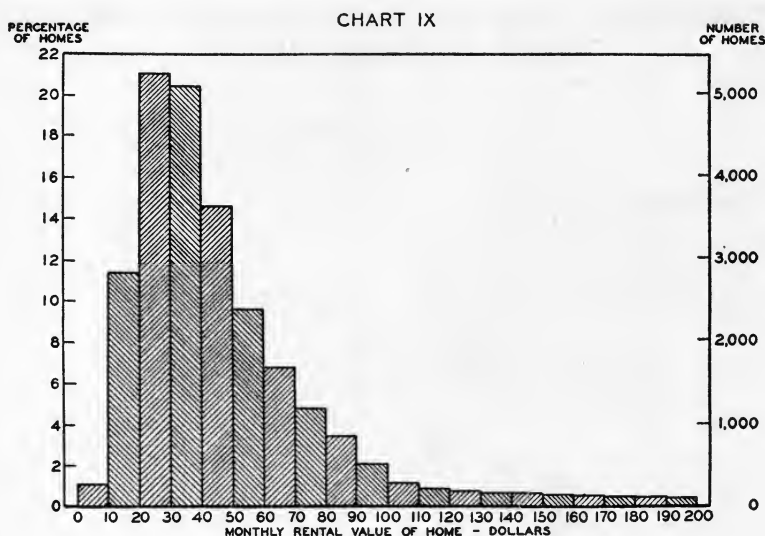
DISTRIBUTION OF OWNED HOMES ACCORDING TO ESTIMATED RENTAL VALUE						
Estimated monthly rental value	Number of homes	Per cent	Estimated monthly rental value	Number of homes	Per cent	Number of homes
Under \$10.....	111	1.0	Under \$10.....	111	1.0	11,416
\$10-14.....	217	1.9	Under 15.....	328	2.9	11,305
15-19.....	418	3.7	Under 20.....	746	6.6	11,088
20-29.....	1,316	11.5	Under 30.....	2,062	18.1	10,670
30-49.....	3,855	33.8	Under 50.....	5,917	51.9	9,354
50-74.....	3,016	26.4	Under 75.....	8,933	78.3	5,499
75-99.....	1,144	10.0	Under 100.....	10,077	88.3	2,483
100-149.....	623	5.5	Under 150.....	10,700	93.8	1,339
150-199.....	416	3.6	Under 200.....	11,116	97.4	716
200 or more.....	300	2.6	.....	.....	.....	300
Value known.....	11,416	100.0	.....	.....	.....	.....
Value unknown.....	119	.....	.....	.....	.....	.....
TOTAL.....	11,535	.....	.....	.....	.....	.....

* Annual rental estimated at 10 per cent of value of home.

Table VII. Rental Value of All Homes, Wilmington, Delaware.

DISTRIBUTION OF RENTED AND OWNED HOMES ACCORDING TO RENTAL PAID (TABLE V) OR ESTIMATED RENTAL VALUE * (TABLE VI)					
Monthly rental	Number of homes	Per cent	Monthly rental	Number of homes	Per cent
Under \$10.....	276	1.1	Under \$10.....	276	1.1
\$10-14.....	963	3.9	Under 15.....	1,239	5.0
15-19.....	1,870	7.5	Under 20.....	3,109	12.5
20-29.....	5,222	21.0	Under 30.....	8,331	33.5
30-49.....	8,777	35.3	Under 50.....	17,108	68.8
50-74.....	4,718	19.0	Under 75.....	21,826	87.8
75-99.....	1,483	6.0	Under 100.....	23,309	93.8
100-149.....	1,761	3.1	Under 150.....	24,070	96.9
150-199.....	453	1.8	Under 200.....	24,523	98.7
200 or more.....	320	1.3	.....	.....	.....
Value known.....	24,843	100.0	.....	.....	.....
Value unknown.....	301	.....	.....	.....	.....
Total.....	25,144	.....	.....	.....	.....

* Annual rental of owned homes estimated at 10 per cent of value of home.



Rental Value of All Homes, Wilmington, Delaware

Distribution of All Homes according to Rental Value.

The number of owned homes, distributed according to estimated rental value (Chart VIII), has been combined with the number of rented homes, distributed according to rental paid (Chart VII), and is here presented as a single chart.

census data were tabulated for Wilmington by wards. An analysis of these data is valuable as showing differences in composition of the family and in value of homes in the wards having a large industrial population, as compared with the wards in which the higher-income groups live. Wards 9, 10 and 12 were selected for purposes of this comparison. Ward 9 is one of the best residential districts. The houses in the westerly part are mainly detached and semi-detached. The northerly and easterly parts have many two-story row houses of the better type. A large part of the city's growth in recent years has been in this ward. The population of Ward 10 is industrial. The ward includes a number of industrial establishments. In Ward 12, the population is also largely industrial. There are many two-story row houses. The ward contains part of Union Park Gardens, a Government war-time development of very good type.

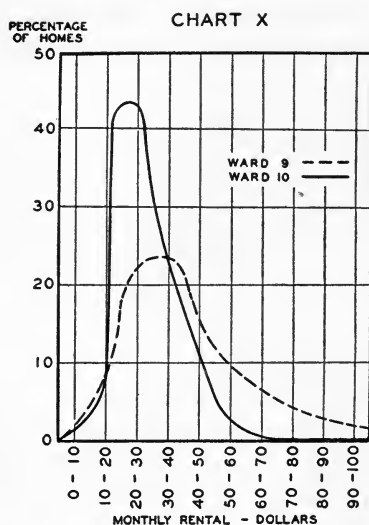
Table VIII gives a comparison of family data for Wards 9, 10 and 12, together with similar data for Wilmington as a whole. In

Table VIII. Comparison of Family Types in Selected Wards,* Wilmington, Delaware.

	Ward 9	Ward 10	Ward 12	Entire city
TOTAL NUMBER OF FAMILIES	5,727	1,524	2,440	25,543
Median size of family (related persons):				
All families	2.89	3.45	3.29	2.85
Families having native white head	2.80	3.22	3.09	2.73
Families having Negro head	2.21	1.80	2.05	1.95
Per cent of families having:				
Native white head	83.4	65.6	68.9	66.9
Foreign born white head	14.0	33.6	24.8	21.0
Negro head	2.6	.8	6.3	12.1
Per cent of families having:				
No children under 10	63.4	53.8	57.4	63.5
One child under 10	20.6	21.0	19.3	18.2
Two or more children under 10	16.0	25.2	23.3	18.3
Per cent of families living in:				
One-family dwellings	85.6	87.0	87.8	80.2
Two-family dwellings	9.6	9.3	9.2	10.1
Multi-family dwellings	4.8	3.7	3.0	9.7
Per cent of families owning homes	62.2	48.5	49.4	45.9
Per cent of families renting homes	37.8	51.5	50.6	54.1
Per cent of owned homes valued at:				
Less than \$1,500 . . . . .	.8	.7	.4	1.4
Less than 3,000	4.0	19.6	8.5	10.8
Less than 5,000	19.7	72.3	44.2	36.8
Less than 7,500	60.3	93.2	86.6	69.8
Less than 10,000	82.6	97.9	96.1	83.9
\$10,000 or more	17.4	2.1	3.9	16.1
Per cent of rented homes renting for:				
Less than \$15	4.3	3.5	1.3	6.8
Less than 30	32.9	61.5	41.7	46.7
Less than 50	73.6	96.0	92.5	83.4
Less than 100	98.9	99.6	99.8	98.6
\$100 or more	1.1	.4	.2	1.4
Per cent of families having radio sets	69.5	47.8	59.5	53.6

*Wards 10 and 12 are industrial sections and ward 9 better-class residential.

Ward 9 (better-class residential) 83.4 per cent of the families have a native white head. In Ward 10 (industrial) only 65.6 per cent have a native white head, while 33.6 per cent have a foreign born white head and 0.8 per cent have a Negro head. In Ward 9, 62.2



Comparison of Rentals in Two Selected Wards, Wilmington, Delaware

Smoothed distribution of rented homes according to rental paid for Ward 9 (better-class residential) compared with similar distribution for Ward 10 (industrial population).

per cent of the families own their homes, and in Ward 10 only 48.5 per cent. In Ward 9, 19.7 per cent of the owned homes are valued under \$5,000; while in Ward 10, 72.3 per cent of the owned homes have a value of less than \$5,000. In Ward 9, 32.9 per cent of the rented homes have a monthly rental under \$30, and in Ward 10, 61.5 per cent have a rental under \$30. In Ward 9, the median size of the family (related persons only) is 2.89 persons, while in Ward 10, the family median is 3.45 persons. In Ward 9, 63.4 per cent of the total number of families have no children under ten years of age, while in Ward 10 only 53.8 per cent have no children under ten years of age. In Ward 9, only 16 per cent of the families have two or more children under ten years of age, while in Ward 10, 25.2 per cent of the families have two or more children under ten. In Ward 9, 85.6 per cent of the families live in single-family dwellings, while in Ward 10 this percentage is 87. For Wilmington as a whole, the percentage of families living in single-family dwellings is 80.2.

This comparison shows clearly the much lower income and rental range of the families of industrial workers as compared with families in the better residential sections or with families for the city as a whole. It also shows somewhat larger families and more children in the industrial sections. This may be due to the

larger percentage of foreign born. In industrial Ward 10, 33.6 per cent of the families have a foreign born head, while in Ward 9 this percentage is but 14.

Cincinnati School Census Data

In Cincinnati in 1930, 52.33 per cent of the families had no children of school age, i.e., five to seventeen years, inclusive. Of the total number of families, 26.6 per cent had but one child, 12.2 per cent two children, and only 8.77 per cent of the families had three or more children.³

The Aging of the Population

With the declining birth rate and the slowing down of the population growth of the United States, the proportion of the population in the various age groups under forty years is declining, and the percentage in the age groups over forty years is gradually increasing. The percentage of young people, and especially of children, is decreasing, and the percentage of older people, especially in the age groups from fifty-six to seventy-five, is increasing. In 1920, 40.7 per cent of the population were children under twenty years of age. In 1930, this percentage had decreased to 38.8 and, when the ultimate stationary population of the United States is reached, it is expected that this percentage will be about 29. The census of 1930 shows actually fewer children under five years of age than in 1920. This age group is now 9.3 per cent of the total, whereas in 1920 it was 10.9 per cent.

II. Present Situation and Trend as to Dwelling Types

The Dwelling Trend as Indicated by New Construction

The United States Bureau of Labor Statistics has compiled building permit statistics for 257 identical cities showing the number and percentage of new homes⁴ provided in one-family dwellings, in two-family dwellings and in multiple dwellings by new construction for each year beginning with 1921. (Table IX.)

³ Information supplied from an analysis of Cincinnati School Census, 1930, by Mr. Harris Ginberg, Secretary-Treasurer of the Cincinnati Model Homes Company, and a member of the Committee on Types of Dwellings.

⁴ "Home" as used here means a suite of rooms arranged for occupancy by one family. It may be an entire one-family dwelling, one of the two suites of a two-family dwelling or an apartment in a multiple dwelling.

Table IX. Number and Per Cent of New Homes Provided for in the Different Types of Dwellings in 257 Identical Cities.

NEW RESIDENTIAL CONSTRUCTION 1921 TO 1930 INCLUSIVE*							
Year	Number of new homes provided in				Per cent of new homes provided in		
	One-family dwellings	Two-family dwellings†	Multi-family dwellings‡	All classes of dwellings	One-family dwellings	Two-family dwellings†	Multi-family dwellings‡
1921.....	130,873	38,858	54,814	224,545	58.3	17.3	24.4
1922.....	179,364	80,252	117,689	377,305	47.5	21.3	31.2
1923.....	207,632	96,344	149,697	453,673	45.8	21.2	33.0
1924.....	210,818	95,019	137,082	442,919	47.6	21.5	30.9
1925.....	226,159	86,145	178,918	491,222	46.0	17.5	36.4
1926.....	188,074	64,298	209,842	462,214	40.7	13.9	45.4
1927.....	155,512	54,320	196,263	406,095	38.3	13.4	48.3
1928.....	136,907	43,098	208,673	388,678	35.2	11.1	53.7
1929.....	98,164	27,813	118,417	244,394	40.2	11.4	48.5
1930.....	57,318	15,145	52,859	125,322	45.7	12.1	42.2

* *Monthly Labor Review*, Washington, Bureau of Labor Statistics, U. S. Department of Labor, April, 1931, p. 171.

† Includes one-family and two-family dwellings with stores.

‡ Includes multi-family dwellings with stores.

The terms one-family dwelling, two-family dwelling and multiple dwelling conform to the definitions adopted by this committee with the exception of the mixed occupancies and the further exception that the two-family dwelling classification of the bureau includes a building in which two families live side by side and enter by a common entrance. A store and dwelling building with either one or two families is included with the two-family dwellings. A store with apartments for more than two families is included with the multiple dwellings.

Of the new homes built in 1929, 40.2 per cent were in one-family dwellings, 11.4 per cent in two-family dwellings and 48.5 per cent in multiple dwellings. The percentage of new homes in one-family dwellings decreased from 58.3 in 1921 to 40.2 in 1929. During the same period the percentage of new homes in two-family dwellings decreased from 17.3 to 11.4. On the other hand, the percentage in multiple dwellings increased from 24.4 to 48.5.

The most marked decrease has come in the construction of two-family dwellings. Table IX shows that 17.3 per cent of the new homes were in two-family dwellings in 1921 and only 11.4 per cent were in two-family dwellings in 1929. During this period the two-family dwelling reached its peak in 1924, and in that year ac-

counted for 21.5 per cent of the new homes constructed. Among the large cities Buffalo, Detroit, Milwaukee and Boston show the erection of a large number of two-family dwellings throughout the period studied. In Buffalo, in 1929, 51.5 per cent of the new homes provided were in two-family dwellings. In Detroit the percentage of new homes provided in two-family dwellings increased from 17.9 in 1921 to 26.5 in 1929. For the 14 largest cities, however, the percentage of new homes in two-family dwellings decreased from 21.7 in 1921 to 10.3 in 1929.

Large numbers of two-family dwellings were erected in 1921 in certain of the smaller cities, including Bethlehem, Pa.; Bayonne, N. J.; East Chicago, Ind.; Everett, Mass.; Kearney, N. J.; and Watertown, Mass. In Bethlehem, the percentage of new homes provided in two-family dwellings increased from 3.7 in 1921 to 49.2 in 1929. In Bayonne this increase was from 28.1 per cent to 44.8 per cent; in East Chicago from 31.0 per cent to 44.0 per cent. On the other hand, in many of these smaller cities the percentage of new homes in two-family dwellings declined.

While for the 257 identical cities the percentage of new homes in one-family dwellings decreased from 58.3 to 40.2 between 1921 and 1929, the trend was by no means uniform for all of the cities included. Among the 14 largest cities there were 6 cities, Baltimore, Boston, Cleveland, Detroit, Pittsburgh and San Francisco in which the percentage of new homes in one-family dwellings remained practically stationary or actually increased.⁵ Of the 175 independent cities of over 25,000 many show substantially no change or any actual increase in percentage of new homes in one-family dwellings, although the percentage for this group of cities as a whole fell from 79.4 per cent in 1921 to 71.2 per cent in 1929. (Table X.)

The trend toward multi-family house construction, which was very marked from 1921 to 1928, suffered a decline in 1929 and 1930. (Table IX.) In 1921, 24.4 per cent of the homes provided in all classes of new dwellings were in multiple dwellings. This percentage of new homes in multiple dwellings increased quite steadily until in 1928, 53.7 per cent of the new homes provided

⁵ See Bureau of Labor Statistics, *Bulletin 524*, Washington (U. S. Department of Labor), U. S. Government Printing Office, October, 1930, pp. 24-30.

Table X. Per Cent of New Homes Provided in Different Types of Dwellings in Various Classes of Cities.

NEW RESIDENTIAL CONSTRUCTION, 1921 AND 1929					
Class of city	Year	Total new homes provided	Per cent of new homes provided in		
			One-family dwellings	Two-family dwellings*	Multi-family dwellings†
14 largest cities:					
Population—500,000 or more‡	1921	112,273	44.2	21.7	34.0
	1929	139,007	25.3	10.3	64.4
Metropolitan areas§:					
31 central metropolitan cities	1921	140,223	50.3	19.4	30.3
	1929	166,888	29.4	12.2	58.4
57 suburban cities:					
Population 25,000 or more	1921	23,930	50.1	24.6	25.3
	1929	23,022	37.4	15.1	47.5
TOTAL—31 central and 57 suburban cities	1921	164,153	50.2	20.1	29.7
	1929	189,910	30.3	12.6	57.1
Independent cities:					
46 cities:					
Population 100,000 or more	1921	35,737	79.3	9.5	11.2
	1929	33,588	66.7	13.4	19.9
65 cities:					
Population 50,000–100,000	1921	19,553	79.8	11.4	8.8
	1929	17,189	74.7	9.4	15.9
64 cities:					
Population 25,000–50,000	1921	7,498	78.6	11.3	10.1
	1929	7,956	82.1	7.5	10.4
TOTAL—175 cities:					
Population 25,000 or more	1921	62,788	79.4	10.3	10.3
	1929	58,733	71.2	11.4	17.4

* Includes one-family and two-family dwellings with stores.

† Includes multi-family dwellings with stores.

‡ Includes Washington, D. C.—population, 1930—486,869.

§ The 29 metropolitan areas recognized by the census in 1920. Population of central city—200,000 or more in 1920. Two of the areas, Kansas City and Minneapolis-St. Paul, each have two central cities—Kansas City, Mo., and Kansas City, Kans., in the case of the former, and Minneapolis and St. Paul in the case of the latter. Thus, there are 31 central cities for the 29 metropolitan areas.

were in multiple dwellings. In 1929, this percentage fell to 48.5 per cent and in 1930 to 42.2 per cent. The year 1930 was the first since 1925 during which more new homes were provided in one-family dwellings than in multiple dwellings. It is too soon to tell whether this decline in multiple dwelling construction will be tem-

porary or permanent. The general depression has enormously reduced all building operations. The number of homes provided by new construction in 1928 was 388,678 as against 125,322 in 1930. The average number of new homes provided in all classes of dwellings from 1922 to 1928 inclusive was 431,729 per year. This was a period of great building activity. The years 1921 and 1929 are probably best for comparative purposes. In 1921 accommodations for 224,545 families were constructed and in 1929, accommodations for 244,394 families.

Statistics for the first six months of 1931 show an even higher percentage of one-family dwellings than in 1921. Contract records of the F. W. Dodge Corporation give separate statistics for one-family houses built singly and one-family houses built in development projects of two or more buildings each. The development projects have declined in approximately the same proportion as have apartments, and houses erected singly have been continued at a better rate than the speculative projects. This is one reason for the better relative showing of the one-family house during the depression period.

In general it may be assumed that the percentage of new homes provided in one-family, two-family or multiple dwellings bears some relation to the proportion of existing homes in each dwelling type. However, in cities in which the proportion of the various types of dwellings is rapidly changing, the percentage of new construction in the various classes may bear little relation to the percentage of the various types actually existing. For example, in Chicago, new homes provided in 1929 were distributed as follows: 14.9 per cent in one-family dwellings; 7.2 per cent in two-family dwellings; and 77.9 per cent in multiple dwellings. Statistics of the various types of dwellings existing in Chicago in 1930 show 13.4 per cent in one-family dwellings, 39.0 per cent in two-family dwellings and 47.6 per cent in multiple dwellings. The percentage of existing two-family dwellings, is, therefore, much larger than the current construction of two-family dwellings; while the existing supply of multiple dwellings is much smaller than the present construction of multiple dwellings. Similarly, in St. Louis the 1929 new construction shows 28.5 per cent of the homes in one-family dwellings, 12.1 per cent in two-family dwellings and 59.4 per cent in multiple dwellings. On the basis of existing dwellings in 1930, 29.6 per cent of the homes were in one-family dwellings

(exclusive of doubles) 33.0 per cent were in two-family dwellings (including doubles) and 38.4 per cent were in multiple dwellings. In both St. Louis and Chicago it seems that the number of one-family dwellings is remaining quite stationary while the percentage of homes in two-family dwellings is decreasing and the percentage in multiple dwellings increasing, according to figures of the Bureau of Labor Statistics in the bulletin previously cited.

A special study of the trend of multi-family housing has been made by Coleman Woodbury, Research Associate of the Institute for Economic Research.⁶ His analysis of the building data compiled by the United States Bureau of Labor Statistics for the period 1921 to 1928 indicates that the strong trend toward multi-family housing during the period 1921 to 1928 was not confined to any one or two sections of the United States but was felt in all districts of the country; that this movement cannot be explained as a concomitant of the recovery from the general housing shortage of the war, nor dismissed as a phenomenon characterizing solely the more rapidly growing cities. Moreover, he found that the movement was not markedly different as between industrial and commercial cities. His study shows, however, that the increase in multi-family construction has been more rapid in metropolitan regions than in independent cities outside of the influence of large metropolitan centers.

Accepting the conclusion of Mr. Woodbury that the increase of multi-family construction has been more rapid in metropolitan regions than in the independent cities outside the influence of such regions, and desirous of testing further the relationship, if any, between the size of a city and the apartment house trend, the United States Bureau of Labor Statistics building permit data for 1921 and 1929 were carefully analyzed. (Table X.) The cities were divided into six groups:

1. The 14 largest cities having a population of 500,000 or more.
2. The 31 central cities located in the 29 metropolitan areas recognized in the census of 1920.
3. 57 suburban cities, having a population of 25,000 or more, located in the above metropolitan areas.
4. 46 independent cities having a population of 100,000 or more.
5. 65 independent cities having a population of 50,000 to 100,000.
6. 64 independent cities having a population of 25,000 to 50,000.

⁶ Woodbury, Coleman, "Multi-family Housing in American Cities," *Journal of Land and Public Utility Economics*, August, 1930.

Although there are many exceptions, an analysis of Table X indicates clearly that, in general, the percentage of new housing units provided for in multiple dwellings increases directly with the population of the city, while the number of one-family units decreases directly with the population of the city. In the 64 cities of 25,000 to 50,000 there was practically no increase in the percentage of multi-family construction during the period of 1921 to 1929. In these cities only about 10 per cent of the housing units are provided for in multi-family houses. Of the 31 large metropolitan cities, the percentage of new housing units provided for in multiple dwellings increased from 30.3 in 1921 to 58.4 in 1929. For the same period the percentage of one-family units decreased from 50.3 to 29.4; and the percentage of two-family units from 19.4 to 12.2.

The trend toward multi-family housing is almost as strong in the suburban cities located in metropolitan regions as it is in the large cities themselves. For 57 suburban cities of 25,000 or more population, the percentage of new homes in multiple dwellings increased from 25.3 in 1921 to 47.5 in 1929. As compared with these suburban cities, the 46 cities outside of the metropolitan areas having a population of 100,000 or over, show a percentage of new units in multiple dwellings of 11.2 in 1921 and 19.9 in 1929.

The trend toward multi-family housing for metropolitan regions as a whole is doubtless somewhat less than is indicated by the building permit statistics. These statistics include cities in metropolitan areas having a population of over 25,000. They do not include unincorporated areas or cities and villages having a population of less than 25,000. Doubtless these smaller communities have a higher percentage of one-family houses than the region as a whole. There are, however, some small communities of less than 25,000 in large metropolitan regions that have a considerable apartment house development.

Only in the groups of independent cities of 25,000 to 50,000 was there no trend toward multi-family housing during the period 1921 to 1929. For these smaller cities the percentage of new homes provided in multiple dwellings was 10.1 in 1921 and 10.4 in 1929. In these cities the percentage of new homes in one-family dwellings increased from 78.6 to 82.1. This increase was entirely due to the decrease in two-family construction. The percentage of new homes in two-family dwellings declined from 11.3 in 1921

to 7.5 in 1929. In the 65 independent cities of 50,000 to 100,000 the percentage of new homes in multiple dwellings increased from 8.8 in 1921 to 15.9 in 1929. During the same period the percentage of new homes in one-family dwellings decreased from 79.8 to 74.7; and the percentage of new homes in two-family dwellings from 11.4 to 9.4. In the group of independent cities of 100,000 or more, the percentage of new homes provided in multiple dwellings increased from 11.2 in 1921 to 19.9 in 1929. During the same period the percentage of new homes provided in one-family dwellings decreased from 79.3 to 66.7. This was the only population group to show an increase in the percentage of homes provided in two-family dwellings. This increase was from 9.5 per cent in 1921 to 13.4 per cent in 1929.

In so far as cities outside of metropolitan regions are concerned, the percentage of new homes provided in multiple dwellings is small in comparison with the number provided in one-family dwellings. The percentage of new homes provided in multiple dwellings in 1929 was about 10 for cities of 25,000 to 50,000, about 16 for cities of 50,000 to 100,000, and about 20 for cities of 100,000 or more. The small city outside of the influence of metropolitan centers is still primarily a one-family house city. The apartment houses have made some progress in the cities of 50,000 to 100,000 and still more in the group of independent cities of more than 100,000. But there is a marked difference between the importance of the multiple dwelling in all these groups of independent cities as compared with either the suburban cities or the large central cities of the metropolitan regions.

Some Reasons for the Apartment Trend in Metropolitan Regions

In a city of 50,000 to 300,000 people, the surface transit lines radiate in all directions and furnish convenient transportation to homes in practically every section of the city. When, however, the city becomes a part of a large metropolitan region, and rapid transit facilities are provided with opportunity of access only at stations located at some distance from one another, the land most conveniently located for residential purposes is limited to the area within about a quarter mile of the rapid transit and suburban railroad stations. This factor is doubtless of immense importance

in the marked trend in metropolitan centers toward the multiple dwelling.

Factors that have increased the trend toward apartment house living in metropolitan regions include the disappearance of the neighborhood or community as a civic and social center. There is less pride in home ownership and less centering of the activities of the family in the home. Convenience of location and simplification of housekeeping arrangements are prime considerations.

Many families that move to the suburbs in order to get away from the noise and congestion of the central areas are quite satisfied to live in a suburban apartment. In fact, inasmuch as removal to a suburb requires the spending of more time on the train, it is all the more important to economize on time in going to and from the station and in work about the house.

To a large extent the modern apartment house seems to have developed not because families could not obtain one-family houses but because the one-family houses available were for sale, not for rent, or were obsolete in arrangement and equipment or were not in a convenient location, or were not in socially desirable neighborhoods. A one-family home in a highly restricted suburban community costs more than many families can afford. They can, however, secure an apartment in a high-class, modern building in a socially desirable neighborhood.

The mobility of labor is greater in a metropolitan region than in an independent city. The worker may find employment in any part of the region. A shift in employment from one suburb to another usually means a shift in home location. Moreover, the large metropolitan city is usually an administrative center for several states. The officers and employees of corporations and institutions having their headquarters there are often transferred to other cities. This possibility of transfer makes it unwise for many men who could otherwise do so to invest in a permanent home. So instead of buying a home they rent an apartment.

Effect of High Land Values

High land values have had a strong influence on apartment house construction in the larger cities. The land in the old one-family house sections adjacent to the business center acquires a speculative value for future business or hotel use long in advance of the actual approach of business buildings. The prospective en-

croachment of business, together with the increasing traffic, noise and smoke, makes the neighborhood undesirable for one-family homes. Nevertheless, the convenience of the location to places of work at the center makes the section desirable to many families. Multiple dwellings are therefore erected. These high buildings, housing many families and covering seventy per cent or more of the lot area, in turn still further increase the land values.

Home versus Apartment Living

In an inquiry to discover the reason for the selection of an apartment in preference to a one-family house, 1,300 families living in apartments in Detroit were questioned. Of these families, 28.1 per cent stated that they liked apartment living very much, 50.4 per cent stated that they were fairly well satisfied, and 21.5 per cent stated that they did not like the apartment as a place in which to live. In answer to another query as to whether, if it were possible to obtain a one-family home with all modern improvements in a suburban garden community at a cost no greater than the present apartment rental, they would prefer such one-family house to an apartment, 64.5 per cent stated that they would prefer such a one-family home, and 35.5 per cent that they would still prefer the apartment. Of the 64.5 per cent that indicated a preference for the one-family home, a large number stated the welfare of the children as a controlling consideration. Many more gave as a reason open space and opportunity for out-of-door activity. Of the 35.5 per cent that still preferred the apartment under these assumed conditions, most of the reasons had to do with convenience, less housework and responsibility, and more leisure. Of the families with children, 76 per cent preferred the one-family house and only 24 per cent the apartment. However, of the families with the wife working outside the home, only 52.5 per cent preferred the one-family house, and 47.5 per cent the apartment.

In response to a question as to whether living in an apartment or in a one-family home owned by the occupant would tend to promote or have a better influence on neighborliness and neighborhood friendships, physical, mental and moral growth and development of children, and increase of civic interest and spirit, the answers were overwhelmingly in favor of the one-family house.⁷

⁷ Herman, S. James, *Why Do You Live in an Apartment?—A Study of a Sinister Trend in American Life*, Detroit, Michigan Housing Association, 1931.

Home Ownership versus Renting

A questionnaire to determine the attitudes of families in the Chicago region toward home ownership and tenancy was distributed by Coleman Woodbury, and an analysis of the results published in the Institute's *Journal*. The questions were answered by 1,882 families. Fifty-three and nine-tenths per cent of the families were owners and 46.1 per cent renters. Of the home renters, 60.3 per cent lived in apartment houses or apartment hotels, 23.8 per cent in two-family houses, and 15.4 per cent in one-family houses. Of the families included in the survey, 29.7 per cent had incomes of \$5,000 or more, 33 per cent had incomes between \$1,800 and \$3,000, and only 20.9 per cent had incomes under \$1,800. It is evident, therefore, that the families selected did not include a sufficient number in the lower-income groups to give a fair cross-section of the population.

Among the reasons given for home ownership, the welfare of the children ranked first and the safety of an investment in a home ranked second. Among the reasons for tenancy, first rank seems to be given to the economy of renting as compared with home ownership. Almost equal importance, however, is given to the greater freedom and mobility of tenancy as compared with home ownership. Closely related to this same reason was that of the fixity of the investment in the home, and the difficulty of realizing on the investment.

Of the renters, 53 per cent stated that they would like to become home owners, and only 14 per cent of the owners admitted a desire to sell and become tenants.⁸

Fewer Children in Apartments

Available statistics indicate fewer children in apartments than in one-family houses. A study of modern apartment houses in New Rochelle and of adjacent one-family houses was made by Paul A. Bankson, city plan engineer of New Rochelle in 1928. The apartment rentals averaged about \$30 per room, so that the housing is for families very much above the lower-income levels. The number of children per family was 0.4 for the apartments and approximately 1.5 for the houses. In other words, there were almost four times as many children per family living in the one-

⁸ Woodbury, Coleman, "Apartment House Increases and Home Ownership," *Journal of Land and Public Utility Economics*, August, 1931.

Table XI. Correlation of Age Groups of Children and Types of Dwellings in Evanston.

Age groups	Single-family dwellings	Two-family dwellings	Apartments
0-5 years.....	25%	34%	37%
6-14 years.....	49%	47%	41%
15-20 years.....	26%	19%	22%

family houses as in the apartments. This is, perhaps, an exceptional case and would not apply to the whole apartment house population of a normal, nonsuburban city where any considerable proportion of the population of the city were housed in apartments.

An inventory of housing made for Evanston, Illinois, shows 46 per cent of the families living in one-family dwellings, 16 per cent in two-family dwellings and 38 per cent in apartments. Of a sample of 12,798 children under twenty-one years of age in Evanston, 57 per cent lived in one-family dwellings, 17 per cent in two-family dwellings, and 26 per cent in apartments; that is, with 46 per cent of the families living in one-family dwellings, 57 per cent of the children lived in such dwellings. A smaller number of children in apartments in Evanston is also shown by the fact that the size of the family is 3.8 persons for one-family dwellings, 3.6 persons for two-family dwellings, and 2.9 persons for apartments.⁹

Dr. Herman's¹⁰ investigation covering 1,300 families living in apartments in Detroit shows 50.8 per cent of the families with no children and 49.2 per cent with children. Of the 660 families with children, 48.7 per cent have but one child; 29 per cent, two children; 15 per cent three children; and only 7.3 per cent more than three children. Of the families in which the homemaker was employed outside the home, 77 per cent were childless.

A study of 1,882 families in the Chicago region shows a much greater proportion of childless families among renter families than among owner families. Twenty-two per cent of the owner families had no children, and 44.7 per cent of the renter families had no children. Of the owner families, 54.4 per cent had two or

⁹ Hinman, Albert G., "An Inventory of Housing in a Suburban City," *Journal of Land and Public Utility Economics*, May, 1931.

¹⁰ *Op. cit.*

more children, and 29.7 per cent of the renter families had two or more children. Of the renter families, 60.3 per cent lived in apartment houses, 23.8 per cent in two-family houses, and only 15.4 per cent in one-family houses. However, the difference in number of children among home renters and home owners is primarily a difference between families living in multiple dwellings and families living in other types of dwellings. Renters living in one- and two-family dwellings had almost as many children as the home owners. Only 29.1 per cent of the renters of one-family houses were childless, while 45.5 per cent had two or more children.¹¹

Children of Preschool Age

There are some indications that the apartment is considered less harmful to very young children than to older children; at least a common experience seems to be for a young married couple to live in an apartment house for 2 or 3 years after the birth of their first child. When the child needs more room for play, the advantage of the one-family house becomes more marked. This fact is brought out in Mr. Hinman's analysis of a house survey of Evanston. Mr. Hinman states:

"Another interesting fact is secured by dividing these children and young people into three age groups: Up to five years, representing roughly the pre-school group; six to fourteen years, the grade school group; and fifteen to twenty years, the high-school and junior college group. . . . A larger proportion in the youngest-age group live in apartments than in single-family dwellings, while the case is exactly the reverse in the older-age group. When children are very young, they do not go to school nor play out-of-doors alone to any great extent and they can sleep in the same room with their parents. As they grow older, go to school, play out-of-doors alone, and need rooms of their own, the greater amount of living space within and playspace without a single-family dwelling becomes very desirable. This is probably the explanation of the situation.

"While type of dwelling is thus adjusted to some extent to the ages of children, yet in general the large family and many children do not accompany the development of apartment life. Thus one might ask whether the apartment is contributing toward the oft-mentioned declining birth rate and smaller family or whether the declining birth rate and smaller family are contributing to the apartment movement."¹²

¹¹ Woodbury, Coleman, "Apartment House Increases and Home Ownership," *Journal of Land and Public Utility Economics*, August, 1931.

¹² *Op. cit.*

In Dr. Herman's study of the reasons for the apartment house trend in Detroit, covering about 1,300 apartments, it was found that of the total number of children, 29.6 per cent were of pre-school age, 52.4 per cent of school age, and 18 per cent past school age. Here the percentage of children of preschool age, though higher than the Evanston percentage for one-family houses, is not as high as the Evanston percentage for apartment houses.¹³

Of 1,882 families reported in the Chicago region, 28.6 per cent of the owner families had lived in their present home for less than 5 years, and 77.7 per cent of the tenant families had lived in the present home for less than 5 years. As 60.3 per cent of the tenant families lived in multiple dwellings, these percentages show clearly the relative impermanence of the apartment house dweller.¹⁴

The Gainfully Employed Homemaker

Dr. Herman's Detroit study of 1,300 families living in apartments, shows that in 23 per cent of the total number of families, the wife or homemaker is employed outside the home.¹⁵ In Wilmington, Delaware, the United States census for 1930 shows the homemaker employed outside the home in 13.7 per cent of the total number of families having a homemaker.

Among the low-income class there have always been a great many married women wage earners. The homemaking and child care function has been sacrificed in order to maintain a meager standard of living.

At present in the middle-income group, more and more married women are turning to gainful occupations outside the home. The main occupation of these women is no longer that of homemaker. This is due in part to facilities and services that have simplified the job of housekeeping and in part to the desire of women for a career and for economic independence; also, in part, to the necessity of increasing the family income in order to be able to attain a desired living standard.

Multiple Dwellings in Smaller Cities

The increase in the number of multiple dwellings in cities outside of the large metropolitan regions has been influenced largely

¹³ *Ibid.*

¹⁴ Woodbury, Coleman, "Apartment House Increases and Home Ownership," *Journal of Land and Public Utility Economics*, August, 1931.

¹⁵ *Op. cit.*

Table XII. House Value, Rentals, and Percentage of Families in Each Value or Rental Group, Middletown.

Value of house	Monthly rental	Per cent of total families
Less than \$2,500.....	\$10-\$25	27
\$2,500-4,500.....	25- 40	44
4,500-7,000.....	40- 55	22
7,000 and over.....	55 up	7
		<hr/> 100

by an increase in the number of higher-income families who look upon the particular city as a more or less temporary residence, and by the very considerable number of individuals and families of adults in every city that, for one reason or another, find the modern apartment more suited to their needs than the one-family home.

The present trend toward a nation-wide organization of business and industry requires the shifting of executives and managers from city to city. This doubtless aids the trend toward multiple dwellings. Desirable one-family houses being only for sale, it increases the demand in each city for high-class apartments to serve the needs of managers and executives that do not look upon the city as a permanent place of residence. A young married man in such an organization may reduce his opportunities for advancement by purchasing a home. It will be more difficult for him to take advantage of opportunities that would require removal to another city.

A study was made by Robert S. and Helen M. Lynd of a typical industrial town in the North Central states.¹⁸ Middletown, the name applied to the town selected, has a population of 38,000. Eighty-six per cent of the families live in one-family dwellings, 10 per cent in two-family dwellings, 1 per cent in apartments, and 3 per cent in dwellings over stores. Seventy-five per cent of the homes have running water, and 66.7 per cent have sewer connection. The authors state that most of the workers' houses have no furnaces. The house lots are normally 40 feet in width. The streets in the poorer residence sections are unpaved. The esti-

¹⁸ Lynd, Robert S., and Helen M., *Middletown—A Study in Contemporary American Culture*, New York, Harcourt, Brace and Company, 1929.

mated value of the house, the estimated rentals, and the percentage of families in each value or rental group are shown in Table XII. Middletown is doubtless typical of many industrial cities of under 50,000 population located outside of the large metropolitan regions. There is little demand for apartments. The one-family dwelling is the predominant type for all classes of the population.

APPENDIX II

LAND VALUE AND ITS EFFECT UPON TYPES OF DWELLINGS¹

The continued increase in the cost of land has been the usual reason advanced to explain the growing intensity of the use of land. In other words, as land becomes more expensive, it appears that less land can be set aside for the use of a single family. Land, which has advanced in price beyond what the average family can afford to pay, tends to be withheld from use. The average family is, therefore, either compelled to seek cheaper land or, in combination with other families, to use the land jointly so as to pay the return required on the price of the land. Expensive land, therefore, is restricted to the individual use of families who can afford to pay the price, or to the joint use of enough families in a lower-income group so that the total required return may be made up by the group of families.

This tendency of land to exact a return on the price at which it is held has been largely responsible for the congestion and overcrowding of our urban centers during the past century. It has also had a direct influence in changing the character of our dwellings. The reduction in the size of lot has affected the design of the one-family house, restricting its width and limiting the desirable arrangements of the rooms. Row single-family dwellings, semi-detached houses, two-family houses and finally multi-family forms have evolved in the effort to make the land yield a return commensurate with the price assigned to it. A great many individual homes in all economic grades and in various parts of the country have been sold for land value only and replaced by more intensive types of housing, and many dwellings which are no longer desirable for those who can afford them have been made to yield a return by crowding several families into them.

There is a need for scientific research into the economic relationship between land values, housing types, and the rental equivalent. At the present time we have insufficient knowledge of what

¹ This subject was discussed by the committee. The preparation of a statement was assigned to and undertaken by Mr. Arthur C. Holden, a member of the committee. This statement was reviewed and revised by the committee and adopted as an appendix to its report.

the effect of the advance in the price of land, if continued indefinitely, will have upon housing types and upon rents. Recent developments in the building industry indicate that much scientific research is being carried on with a view to reducing the cost of construction. It is too soon to say what the immediate effect of this work will be or to what changes it may ultimately lead. It can be said, however, that the recognition by the building industry of the necessity for reducing the cost of its product will undoubtedly lead to parallel studies in land utilization. The building industry is bound ultimately to recognize that it cannot succeed in reducing the cost of its product if, in the face of reducing construction costs, land costs continue to mount.

Many builders have taken a paradoxical position with regard to the cost of land. They have found by experience that loaning organizations will give them more liberal loans on high-priced land than on low-priced land and, therefore, they prefer to reduce the size of the lot and place as many houses as possible upon expensive land. It is self-evident that where the developing builder is dependent upon sale, this is a better proposition for him than to build a smaller number of houses on cheaper land, where he is unable to secure an advantageous loan and, therefore, compelled to enlist a larger proportion of his own capital.

On the other hand, there is a growing tendency on the part of the building industry to avoid expensive land which has already been developed and to seek cheaper land where the development of the land becomes a part of the building operation. This movement of the building industry in search of cheaper land is a manifestation of the natural economic forces which operate to keep down the price of land, by continually bringing new land into the market in competition with already developed land. Since the advent of the trolley car, American cities have tended to grow out into the suburbs constantly seeking new and cheaper land. The popularization of the modern motor car with the good roads which have been necessitated, has brought a phenomenal amount of new land within the range of the home seeker. This has had a very definite effect upon land nearer to the urban centers. This new land has competed with previously developed land to the latter's disadvantage. The price of centrally located land has not yet reflected the great increase in the amount of available land, though the marketability of such land has suffered.

In New York City, where land values have reached their highest point, certain tendencies are more apparent than elsewhere. It has been found that land cannot be developed in intensity to a point where its desirability suffers, without causing the value of the land itself to suffer. In the blighted tenement section, known as the Lower East Side, realty values have been falling to a point where the holders of the underlying first mortgages have found it advisable to organize for the protection of their interests. In these days of modern rapid transit, realty values in a blighted neighborhood cannot be maintained in the face of an increasing supply of new land.

It is in New York City that another modern piece of equipment, namely, the high speed electric elevator, has demonstrated that it has an effect upon land values very different from that which at first seemed evident. Of course, the introduction of the elevator made it possible to carry buildings to greater height than previously practical. It appeared, therefore, that a way had been found to justify existing prices of land and to make land increasingly valuable. Now, after less than a half century of practical experience with the skyscraper and less than thirty years of experience with the residential skyscraper, it has become evident that the value which appears to reside in the land upon which a skyscraper stands is acquired by drawing away from surrounding land a large part of the possible use to which it might be put. We have now learned to carry buildings high enough so that their erection, except in the case of certain few important business centers, virtually precludes the possibility of developing the adjoining land in a similar manner. We may conclude, therefore, that those economic forces which are encouraging developers to bring new land into use and which are vastly increasing the usability of lands already in use are, by multiplying the available supply, in reality reducing the values we have set upon land, and showing us that the data upon which we have based these values were faulty and incomplete.

The public does not get the benefit of those economic forces tending to increase the supply of land because such a large number of individuals are the victims of misunderstanding. The public has assumed that land values must continually rise and that the continued increase in the intensity of the use of land is justification of its price. It has been this fear on the part of the public that

land will go still higher, that has kept up the demand for land, and therefore, kept up its price.

The real value of land is something very much apart from price. It represents the capitalized value of the greatest possible use that can be made of land. Land cannot be used to a greater extent than warranted by the needs of society. An increase in the supply of available land does not change the total use to which land is put, although it may change the availability of one piece of land in comparison with the availability of another. The average value of land, however, falls when the supply is increased, unless society is able at the same time to increase the use which it can make of land. The increased productivity of large farms in the Middle West reduced the value of most of the farm lands in New England.

Our modern cities are living demonstrations that unregulated development brings chaos and the destruction of values. Most city land is carried at a high price because of the hope that potentially all city land can be developed up to the level of the greatest intensity of use. Two years ago some German architects made a tour of our leading cities. They photographed our skyscrapers and published them in a most interesting book. They were astonished to find that, almost universally, blighted areas with low buildings bordered directly upon districts built up with skyscrapers. They enjoyed photographing the towering bulk of the new America over the drab roofs and alleys which furnished such a striking contrast.

Americans have realized this paradox. They have appreciated the necessity for controlling the skyscraper. They have introduced zoning as a means for controlling, in the public interest, the density of the use of land. Zoning has stood the test of the courts. At the outset, the attempt to regulate by zoning was confronted with standards of density already prevailing in various localities. In districts where density of use was already established and the price of land high, the restrictions possible through zoning could not be drawn so rigorously as to impose immediate hardship. On the other hand, in adjoining districts, the income from properties was in most cases adversely affected by the greater desirability of the high buildings. As a result, any attempt to impose a greater restriction met with opposition because it appeared to lessen the likelihood of recouping from a future intensive

development. Hence, zoning standards have of necessity been limited by expediency.

Where zones limited in area have been set, in which high density has been allowed, these zones have enjoyed monopoly values. The price of land has, therefore, tended to increase and, as a result, all new developments have tended to approximate the maximum allowed by law. Where high densities have been permitted over large areas, including undeveloped areas adjoining skyscraper districts, the tendency has been for the development of these adjoining areas to lie dormant, the land being held for a price calculated upon maximum permitted density which obviously cannot take place until the demand for space becomes adequate to warrant the development of a whole area up to the legal limits of density.

Zoning has been compelled, in order not to be held discriminatory, to treat all owners of similar properties alike. The size of plot has produced a most difficult situation. The New York zoning ordinance, which was the original model zoning measure, was based upon plot sizes prevailing in 1916. Since that time, plot sizes have greatly increased. As a result, the original setbacks and tower provisions applied to larger buildings have been found to permit a bulk which the designers of the law hardly dreamed would be possible. In the effort not to discriminate against the small lot, too many zoning regulations still permit lot-line liberties which are both detrimental to the public interest and harmful to adjoining property owners. Great as are the possibilities of zoning and much as has already been accomplished, present allowed standards of density, in too many instances, are still far beyond the limits of desirability. Opinion still lags behind economic facts. The price of land still exercises far more control over zoning than the standards set by zoning have yet been able to exercise over price. A control which will tend to keep down the price and prevent exploitation will encourage better standards of use and, as a result, better types of housing.

There is the need for a new type of planning and development and possibly even a new principle to be introduced into zoning regulations. This will compel the planning of neighborhoods in larger units. It will curb the destructive forces which still are generated under present usage. Under the new method of regulation, less emphasis will be placed upon restricting individual plots and, in-

stead, a premium will be put upon group and neighborhood planning. As a prelude to this, it may be expedient to tighten restrictions upon individual plots to the end that these restrictions may be relaxed in cases where owners either unite or cooperate to utilize land advantageously by concentrating buildings only where desirable conditions are created by providing also for adequate open spaces, and by planning whole neighborhoods so as to provide permanent light and air and permanent desirability. In brief, this means the revamping of much of our zoning theory and the rewriting of standards in the interest of the public benefit instead of in the interest of the exploitation of individual plots of land. Such standards will have a very definite effect upon the type of dwelling in which the Americans of the future are to live.

But such standards cannot be achieved unless there is also to be a revision in our present practice of land taxation. Tax assessors have seen in high buildings an indication of higher land values. They have been alert to increase assessments not only upon the land on which high buildings stand, but also upon adjoining property. There is little doubt but that these adjoining properties have felt the pressure of the higher taxes and as a result have been held for prices adequate to compensate the owners for the expense of carrying them. Hence our method of assessing properties has had its influence in retarding their development and then forcing the ultimate development to the limits of allowed density. The English system which bases its tax rate on the use value of the land has a less burdensome effect upon those who are carrying properties and does not, at least to such an extent as our own system, influence owners to overdevelop.

Open land is a distinct advantage to a community, especially if properly maintained. Too frequently the American tax assessor forces the destruction of open spaces. Over and over again we hear the story that a golf course, a farm, or a nursery is to be divided up into building lots because high taxes have made their maintenance impossible. Were the tax based upon use or earnings, the open space might be maintained. It is to the public interest to assist semi-public organizations to maintain open spaces within the great centers of population. The principle of tax limitation which has been tried for the purpose of stimulating housing and other desirable enterprises might very well be applied

to organizations which will contract to maintain desirable open spaces.

There is, however, a principle which must be enacted into law so that the principle of tax limitation may not be abused and made a means for the systematic evasion of taxes on properties carried over long periods. Many communities have had unhappy experiences with tax exempt properties. Churches, hospitals, and religious and educational institutions, as is well known, have long been exempt from the realty tax. These organizations are permitted, however, to sell their properties without compensation to the community for the assistance they have had through tax exemption. There is the growing need for an increment tax to be levied upon tax-exempt properties at the time of their sale. The imposition of such a tax would tend to equalize the tax burden. It would serve as a deterrent upon sales. It would give owners adjacent to a desirable open project, such as a golf course, or a private park, a reasonable assurance of its continuance and, in the event of partial or total sale, the increment tax would tend to equalize the tax burden. Under such a provision, private parks and open spaces should be stimulated and living conditions improved.

There is a crying need for research in the field of land economics and the study of its effect upon building types as well as general city development. Definite data are lacking for presentation in this report. The following important observations are recorded by the committee as suggestions leading to more definite studies:

1. The real or economic value of a piece of land is the capitalized value of its earning power considered in relation to all other available land.
2. The market price of a piece of land does not necessarily give an accurate index of its real value, as other factors, such as opinion or an artificially stimulated demand, may temporarily affect the price.
3. Speculation in new land and in old land capable of more intensive use has created a temporary market for the sale of certain lands out of line with their true value.
4. The overdevelopment of a piece of land, when it leads to congestion and undesirability, ultimately reacts to reduce the value and ultimately the price of that land.
5. That land is most stable in value which is improved in such a way that the improvement upon it does not tend to grow less desirable, either through the depreciation of the building itself or the depreciation of the neighborhood in which it stands.
6. High land values tend to limit the range of improvements upon resi-

dential land which are possible without sacrificing the desirability of the land.

7. Low land values tend to widen the range of possible improvements upon residential land, and make it possible to offer superior facilities at a lower price with a likelihood of finding a greater number of families able to afford the accommodations offered.

8. In addition to the natural economic forces which are tending to keep down land values, a growing understanding of the new housing science and the more stable return to be derived from building for desirability and for long-range investment should lessen the desire to speculate in land. This will influence the stabilization of land values at lower levels.

9. There is a need for research that will work out definitely desirable types of buildings which will be economic in the various ranges of land values, which will be capable of large-scale administration, which will maintain their desirability and which will attract capital for investment on an income basis. Already, progress has been made along these lines as exemplified by large-scale housing projects such as the development of the City Housing Corporation at Sunnyside, Long Island, and Radburn in New Jersey, that of the Buhl Foundation in Pittsburgh, and the work of the Amalgamated Garment Workers in New York.

APPENDIX III

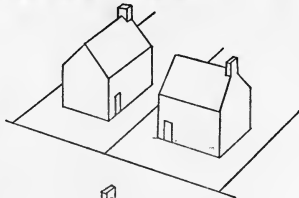
DIAGRAMS AND DESCRIPTIONS OF TYPES AND VARIETIES OF DWELLINGS¹

ONE-FAMILY DWELLINGS

Intended for the occupancy of a Single Family from basement to roof, with independent access to the land.

a. DETACHED

With open space on all four sides.



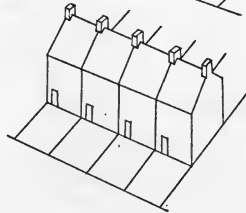
b. SEMI-DETACHED

One wall of the house is a party wall built on the lot line.
Open space on the remaining three sides.



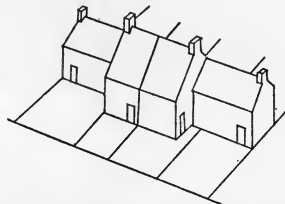
c. ROW

Usually both side walls are party walls built on the lot line.
Open spaces at front & rear.



d. GROUP ROW

Set backs & variations of mass permit light on three sides and preserve independent use of land.



¹ This appendix, prepared by Mr. Arthur C. Holden, a member of the committee, sets forth his conception of the types and varieties of dwellings. It is not in entire accord with the views of the members of the committee. (See reference at the bottom of page 147 and the top of page 150, Chapter III.)

TWO-FAMILY DWELLINGS

Two Families placed one above the other, usually with access to the land enjoyed jointly.

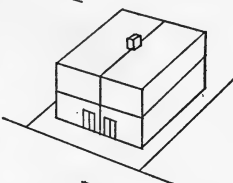
a. DETACHED

With open space on all four sides.



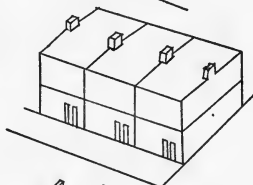
b. SEMI-DETACHED

Two 2-Family Houses joined by a party wall on the lot line with light & air on three sides and separate entrances for each family.



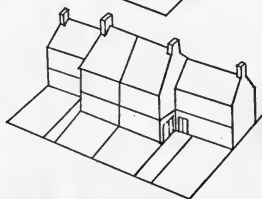
c. ROW.

Three or more 2-Family Houses joined by party walls on the lot lines. This variety is related to the multi-family dwelling.



d. GROUP ROW

Three or more 2-Family Houses joined by party walls and staggered to provide light & air at sides as well as front & rear.



e. MIXED USE

Two-Family Houses are frequently devoted to mixed use, the first floor being occupied wholly or partially by shops or other non residential use.

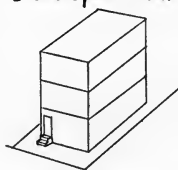
MULTIPLE DWELLINGS

Intended for the use of 3 or more Families, usually with common use of stair halls, entrances & open spaces.

1ST STAGE

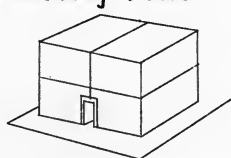
NARROW LOT VARIETIES

Developed from Detached & Row 2-Family House



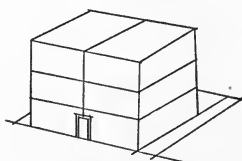
3-FAMILY

An expansion of the 2-Family house.



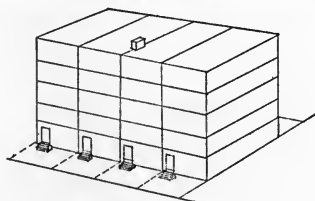
4-FAMILY

Two 2-Family houses served by common entrance & stair hall.



6-FAMILY

Two 3-family houses served by common entrances & stair halls. This and its 4-story variant for 8 families are still common throughout the U.S.



ROW FLATS

The row flat, built up to the lot line, with unlighted interior rooms, outlawed itself by provoking legislation setting minimum sizes for courts & yards.

MULTIPLE DWELLINGS

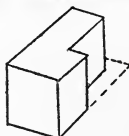
2ND STAGE

CITY PLOTTAGE VARIETIES

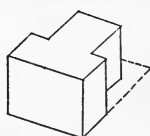
Developed by new arrangements of outside walls and interior rooms through more intensive planning, influenced by establishing of legal minimum standards for egress and sizes of courts and yards.

VARIATIONS ARISE DUE TO:-

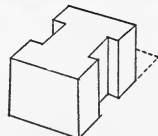
A. ARRANGEMENT OF THE BUILDINGS ON THE PLOTTAGE.



"L"-Plan



"T"-Plan



"H"-Plan

B. METHODS OF INTERIOR ACCESS AND EGRESS.

HORIZONTAL ACCESS - For low buildings, usually of nonfireproof construction, the first tendency was to economize in stairs and elevators by using long interior public halls for access to individual apartments.

VERTICAL ACCESS. - Tall fireproof apartments have been produced by the steel frame and the elevator with the recent tendency to eliminate long interior public halls in both high and low buildings.

MULTIPLE DWELLINGS

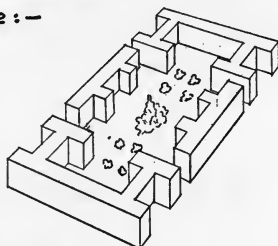
3RD STAGE

LARGE-SCALE PROJECTS

The Varieties are:-

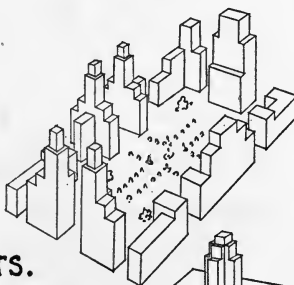
A. GARDEN APARTMENTS.

Concentration of Courts and Yards into large open spaces is possible, facilitating the planning of apartments two rooms deep with permanent light and air circulation.

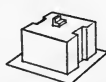


B. FIREPROOF AND TOWER APARTMENTS.

Possibility of increased height permits greater open spaces between individual tower apartment units.



C. SUBURBAN APARTMENTS.



True Suburban apartments of garden or tower type are often confused with apartments

designed for city plottage - (shown above) which are now invading the suburbs.



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